

March 2014

2014-3-11_12

Board of Regents, Murray State University

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**Minutes of the Quarterly and Committee Meetings of the Board of Regents
Murray State University
March 11-12, 2014**

Call to Order

The Board of Regents (BOR) of Murray State University (MSU) met on Tuesday, March 11, and Wednesday, March 12, 2014, in Quarterly Session in the Jesse Stuart Room in Pogue Library on the main campus of Murray State University. Chair Constantine Curris called the meeting to order at 8:15 a.m. on March 11.

Roll Call

The roll was called and the following members were present: Marilyn Buchanon, Constantine Curris, Renee Fister, Sharon Green, Susan Guess, Jeremiah Johnson, Phil Schooley, Jenny Sewell, Jerry Sue Thornton, Harry Lee Waterfield II and Stephen Williams. Absent: none.

Others present were: Thomas I. Miller, Interim President; Jill Hunt, Senior Executive Coordinator for the President, Coordinator for Board Relations and Secretary to the Board; Jackie Dudley, Interim Vice President for Finance and Administrative Services and Treasurer to the Board; Jay Morgan, Provost and Vice President for Academic Affairs; Don Robertson, Vice President for Student Affairs; Jim Carter, Vice President for Institutional Advancement; Bob Pervine, Interim Associate Provost for Graduate Education and Research; Bob Jackson, President, MSU Foundation and Associate Vice President for Institutional Advancement; John Rall, General Counsel; Kim Oatman, Chief Facilities Officer and members of the faculty, staff, students, news media and visitors.

**AGENDA
Tuesday, March 11, 2014**

Call to Order

Chair Curris

Roll Call

Secretary Hunt

Closed Session

Chair Curris

A. Personnel Matter

Reconvene in Open Session (approximately 10:45 a.m.)

A. Committee Reports/Recommendations

Closed Session (approximately 12 noon)

Chair Curris

A. Personnel Matter

Reconvene in Open Session (approximately 2 p.m.)

A. Committee Reports/Recommendations

Wednesday, March 12, 2014

Minutes of the Quarterly Board of Regents Meeting and Committee Meetings December 6, 2013*

Completion of Committee Reports/Recommendations (if necessary)

Report of the Chair

Chair Curris

Report of the Constituency Regents

**Regent Fister/
Regent Schooley/
Regent Johnson**

**Report of the Treasurer*
(Quarterly Financial and Investment Reports)**

Vice President Dudley

Report of the President

President Miller

Gift-in-Kind*

President Miller

- A. **University Communications – 23,340 lbs. of Vision 70lb and Anthem Plus 70lb Paper**

Policy Changes*

- A. **Board of Regents Delegation of Authority** **Chair Curris**
B. ***Military Leave Policy* Revision** **Vice President Dudley**

Personnel Changes*

President Miller

- A. **Salary Roster**
B. **Faculty Sabbatical Leaves**
C. **Staff Leaves of Absence Without Pay**

Committee Reports/Recommendations

- A. **Academic Affairs** **Regent Thornton**
1) **Academic Affairs Reorganization***
2) **New Undergraduate Degree Program: Bachelor of Science in Health Information Administration***
3) **New Graduate Degree Program: Master of Science in Sustainability Science***
4) **College of Education – NCTQ Rankings Update**
- B. **Audit and Compliance** **Regent Waterfield**
1) **Audit Engagement Letter***
- C. **Buildings and Grounds** **Regent Buchanan**
1) **Savage Cave Transfer of Property***
2) **Tennessee Valley Authority (TVA) 5 MR Agreement Update**
- D. **Enrollment Management and Student Success** **Regent Green**
1) **Spring 2014 Enrollment Report**
- E. **Finance** **Regent Williams**
1) **Property Acquisition – 603 North 16th Street***
2) **Future Tuition Rate Analysis**
3) **Preliminary 2014-15 Budget Status**
- F. **Institutional Advancement** **Regent Guess**
1) **Stamats Marketing Assessment Report**
- G. **Regional Services** **Regent Sewell**
1) **MSU Regional Campuses Update**
2) **MSU Transfer Center Update**
- H. **Committee of the Whole**

Other Business

Closed Session (approximately 12 noon)

Chair Curris

- A. **Personnel Matter**

Reconvene in Open Session (approximately 2 p.m.)

Adjournment

***Indicates Board Action Item**

Closed Session

Chair Curris solicited a motion for the Board of Regents to go into Closed Session pursuant to Kentucky Revised Statute (KRS) 61.810 (1)(f) to discuss matters which might lead to the appointment of an employee. Mr. Waterfield so moved. Mrs. Guess seconded and there being no further discussion the motion carried.

Closed Session began at 8:16 a.m.

Open Session

Mr. Williams moved that the Board of Regents reconvene in Open Session. Mrs. Guess seconded and there being no further discussion the motion carried. The Board reconvened in Open Session at 10:55 a.m. Chair Curris reported the Board interviewed one of two finalists for the presidency of Murray State University and no final action was taken during Closed Session.

Committee Reports/Recommendations

Academic Affairs Committee

Jerry Sue Thornton, Chair
Renee Fister
Jeremiah Johnson
Stephen Williams

Dr. Thornton called the Academic Affairs Committee to order at 10:56 a.m. and reported all Committee members were present.

Academic Affairs Reorganization, approved

Dr. Morgan presented management's recommendation for reorganization of the academic enterprise. Over the past year a number of budget containment committees have worked with faculty, students and staff and a resulting recommendation was to reduce one academic college or school. A centralized decision was made to consider the College of Health Sciences and Human Services – not to collapse programs but to realign or restructure the administration of that college. Predominant themes in undertaking this work were to reduce administrative costs and safeguard the University's academic climate by not collapsing any programs and restructuring faculty teaching full-time in the classrooms and safeguarding student workers in that area. The reduction of the College of Health Sciences and Human Services is being recommended, along with a maximization of Full-Time Equivalency (FTE) for faculty and staff, into the other existing colleges reporting to other Deans, to result in overall efficiency in the academic enterprise.

The current 2013-14 organizational structure for the College of Health Sciences and Human Services was presented. There are three academic departments and 38 faculty who report to one Dean, one Assistant Dean and three Chairs. The administration is proposing collapsing the administration of that college and moving the first department – Occupational Safety and Health – to the *Jones College of Science, Engineering and Technology (JSET)* – which would increase FTE for that college to approximately 137 faculty and staff. A proposal is being made to restructure and rename the College of Education into a new nomenclature which would take into account the acceptance of the Department of Community Leadership and Human Services and also a program in Communication Disorders (Speech and Hearing). The new college would be known as the College of Education and Human Services. This action would keep the entity alive, as well as the branding and naming for the programs to be moved into that college. The departments will be moved intact, with all faculty and programs, and will report to Dean David Whaley. In order to keep the University's health professions alive, all health-oriented programs in Applied Health Sciences will be moved into one centralized structure under the administration of Dean Marcia Hobbs, School of Nursing. This results in splitting human service programs into one college and health professions into another. The Department of Applied Health Sciences will administratively report to Dr. Hobbs. The Purchase Area Health Education Center is a grant-funded operation with five staff members and they will also report to Dr. Hobbs. This produces one central unit that is working with nurses and the University's applied health programs. Students will continue to take support courses in Biology and Chemistry in the *JSET*.

Mr. Johnson asked for reaffirmation that no student workers will lose their jobs through this reorganization and no degrees or programs will be lost. Dr. Morgan confirmed no degrees, faculty or current student workers will be lost. Moving forward this unit will not employ as many student workers but no current student worker jobs will be lost. The student worker budget will eventually be reduced by approximately \$4,000. Mr. Schooley inquired whether this also holds true for staff and Dr. Morgan reported five to six staff members will be affected by this reorganization and those represent the Dean, Assistant Deans and staff working in the Dean's Office. The Dean and Assistant Dean will go back to teaching a full load as both individuals are tenured, full-time faculty members. An effort is currently underway to identify positions within the University for the other affected staff members. A commitment has been made that wherever feasibly possible no individual will lose their position but it will be collapsed into another area. In response to a question by Dr. Fister, Dr. Morgan reported the financial savings resulting from this reorganization on the low end would be \$160,000 to \$180,000 all the way up the sliding scale to \$330,000 to \$340,000. This proposed reorganization has been vetted through the campus shared governance process and the University Academic Council unanimously approved the reorganization. Confirmation was provided that the effective date of action would be July 1, 2014, but, if approved, the administration would need time to work with Ms. Dudley to change the associated FOAPALs and ORGs and work with the respective department Chairs to make these moves. This simply represents an administrative structure change for reporting purposes.

Dr. Miller confirmed this is his recommendation as well and Dr. Morgan has done an outstanding job meeting with the college and the individuals involved on several different occasions. He assured the Board the College was doing well and there were no issues with administration but this represents a financial decision due to budget constraints. He believes the existing programs will continue to flourish under this new structure and all will work to ensure that occurs. Students will not be adversely affected and, as has been stated publicly, the administration's policy has always been to provide jobs in other areas for any displaced persons. Dr. Thornton stated that as Chair of the Academic Affairs Committee she believes the President has been involved in this process and has been apprised and engaged in this activity. Change is never easy in colleges and universities but the President is recommending the Committee approve the proposed Academic Affairs Reorganization and redistribution of departments within the College of Health Sciences and Human Services.

On behalf of the Academic Affairs Committee, Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, approve the proposed Academic Affairs Reorganization and redistribution of departments within the College of Health Sciences and Human Services, effective July 1, 2014. Dr. Thornton seconded and there being no further discussion the motion carried.

New Undergraduate Degree Program: Bachelor of Science in Health Information Administration, approved

Dr. Morgan reported the administration is seeking Board approval for a new Bachelor of Science in Health Information Administration. This recommendation is a result of work undertaken over the course of the past year and credit was given to Susan Muller, Dean of the College of Health Sciences and Human Services; Renae Duncan, Associate Provost for Undergraduate Education; Danny Claiborne, Chair, Department of Industrial and Engineering Technology and Victor Raj, Chair, Department of Computer Science and Information Systems for their efforts. Academic Affairs, along with the President, is presenting this recommendation to the Board for consideration of a new interdisciplinary program.

Mr. Williams applauds the recommendation and stated he is proud this work is being undertaken. As an employer looking for these kinds of folks, it is likely his company would take every candidate the University can produce within the next several years. This represents a perfect example of the University listening to what is going on in the various industries and trying to provide a workforce accordingly because this area of the health care profession is exploding. The areas of expertise in training, coding and classification systems represent part of the National Healthcare Reform Act. A move is being made in healthcare from a few thousand codes used to diagnose, treat and bill patients to well over 150,000 codes this fall which has created a huge shortage of qualified individuals in the electronic records field. In terms of

demand, this represents one of the hottest areas that exists in healthcare today and this program is absolutely on target. He cannot imagine there will not be a huge demand from students wanting to pursue this area. Dr. Fister expressed appreciation to Michael Kalinski, Chair, Department of Applied Health Sciences, who answered her questions and Dr. Morgan confirmed this program would be administered under that department.

On behalf of the Academic Affairs Committee, Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, approve the proposal from the University Academic Council for a new undergraduate degree program: Bachelor of Science in Health Information Administration. Mr. Johnson seconded and there being no further discussion the motion carried.

New Graduate Degree Program: Master of Science in Sustainability Science, approved

Dr. Morgan reported that Academic Affairs, along with the President, is recommending the institution of a new Master of Science in Sustainability Science. This particular program should be credited to Howard Whiteman, Professor and Director, Watershed Studies Institute and Dean Steve Cobb, as well as a large faculty group who have worked intently on this initiative over the past several months. This represents an interdisciplinary program with linages to a variety of academic programs and will be a nice addition to the University's academic curriculum. This will be a very unique degree and, to the best of the University's knowledge, will be the only program of this kind in the Commonwealth.

Dr. Fister requested an explanation of the culminating experience aspect of this program. Dr. Whiteman reported that instead of the typical thesis or non-thesis degree what is being proposed is a program where students will be involved in a two-semester experience that will include functional service learning as part of their work. That work will include engaging in some aspect of sustainability science which could involve a science project or research students might undertake with a faculty member or efforts to determine new ways to plan regionally or within the city to make the city, the University or region more sustainable. This is an interdisciplinary program that will involve many different departments and aspects of sustainability, including individuals working in agriculture, engineering or engineering physics. Students will participate in a practicum rather than a thesis, a written report will be prepared and a symposium held during *Scholars Week* where graduate students can present practicum results. Mr. Williams asked whether this program will have ties to regional industry and Dr. Whiteman reported the idea is for some of the students involved to create that type of tie so their practicum could help create an atmosphere of sustainability within the region and help devise new industrial applications in sustainability. Agreement was reached that the Calvert City operation would represent a good opportunity for such collaboration.

In response to a question from Mr. Schooley, Dr. Whiteman indicated it is projected that approximately ten students per year during the two-year practicum – total of 20 students – will participate. The desire is to run this as a cohort program so each year the program brings in ten students with the goal of growing even more as the program becomes established. Dr. Curris asked in terms of the undergraduate experiences that would propel students to take this as a graduate program, what disciplines or interdisciplinary activity are envisioned in terms of the fields from which this program would attract the most students. Dr. Whiteman believes a majority of these students will have a science background but that could be quite variant. It is possible someone with a business or management degree would find that this program represents a good “add on” value to their career choice. It is anticipated most students will be science-oriented or at least have a science minor so they possess the necessary background to be admitted into the program.

On behalf of the Academic Affairs Committee, Dr. Fister moved that the Board of Regents, upon the recommendation of the President of the University, approve the proposal from the University Academic Council for a new graduate degree program: Master of Science in Sustainability Science. Mr. Williams seconded and there being no further discussion the motion carried.

On behalf of the Academic Affairs Committee, Dr. Thornton expressed appreciation to the faculty and administration who have been involved in the development of these two new degree programs that can only enhance Murray State's academic reputation.

College of Education – NCTQ Rankings Update Report, received

Dean David Whaley, College of Education, presented the following:

- On December 13, 2013, the College of Education submitted 69 electronic files to the National Council for Teacher Quality (NCTQ) in support of their efforts to review teacher education programs in the College of Education for the upcoming 2014 report on teacher education programs. This report will be released in June. This represented a culminating activity of many hours of focused and deliberative work by faculty and staff in the college as well as a number of very strategic actions that began shortly after the release of the 2013 report last June (reported to this Board last August). Specific activities were described in a handout provided to the Board. As noted, from the beginning the college was in regular contact with NCTQ, including many email exchanges, telephone conversations and participation in an NCTQ-hosted webinar.
- A committee of faculty and practitioners was convened to critically study the NCTQ standards – 17 standards in 2013 and 18 in 2014 – and also review college documents to ensure that programs in elementary and secondary education were represented accurately. In a number of cases, documents such as syllabi, handouts, assessment forms and others were adjusted to better align with those areas of NCTQ emphasis. Student teaching assessment forms were altered to show specific criteria around classroom management. The *Student Teaching Handbook* was adjusted to clearly show that University supervisors make five to six visits for each student teacher and the admission grade point average (GPA) is 2.75 – not 2.45 as was erroneously reported previously. The GPA and ACT scores of admitted students were calculated by the MSU Registrar and reported directly to NCTQ to make the case that MSU College of Education students are high achievers. The average GPA of the 305 admitted students on December 13, 2013, was 3.41 (with an average ACT composite score of 23.3). Other actions were taken with regard to the college's preparation but time does not permit a detailing of all initiatives.
- It is believed the College of Education has represented the quality of its programs in a much more thorough and detailed way for 2014. The college has "kept its eye on the ball" and has not been distracted by the politics of the former review. The intention was simply to have the very best ratings which accurately reflect the quality of existing programs. When the Open Records Request for the first review was made in April 2011, it is believed there was confusion over the process by which the institutions were being assessed and the specific standards to which the college was being held accountable. The NCTQ standards were not identified to the college at the time it submitted materials for the 2013 review. That is history now and all know how the programs rated on the prior review.
- The new standards are now known well and work was undertaken within the boundaries of these standards to showcase Murray State programs. There was no Open Records Request made by the NCTQ for the second review and the college voluntarily participated in the process, while not all Kentucky public institutions chose to do so. Responses to the 2014 review for Kentucky's public institutions range from no response by two institutions, to a minimal response by four others to a full response by Murray State University. The question is how MSU will fare in the 2014 review which is expected to be released in June. As mentioned previously, the College of Education is fully committed to representing its programs well which is why the college chose to again participate in the NCTQ process.
- For the 2014 review, focus was placed on elementary and secondary education programs and all expect an improvement in the ratings in these areas. The college was not previously rated on its Special Education Program and Dr. Whaley expects the same non-rating for the 2014 review. There are some unknown factors over which the college has no control, including the fact that in Kentucky a passing score on the PRAXIS to Certification Exam in Social Studies is required in order to teach. Included within the area of Social Studies is U.S. History, World History, Political Science, Economics, Geography, Behavioral Sciences and a few other areas. NCTQ requires a separate test in each of those areas while the state of Kentucky requires only one test. This is prescribed by the state agency administering the college's programs and represents one requirement in which MSU must be in compliance in order for students to become licensed and certified to teach Social Studies.
- As another example, NCTQ reviewed 866 literacy textbooks and discovered that only 49 of those texts were acceptable for use in teacher education programs. Reading faculty carefully reviewed the 49 textbooks, some of which are supplemental in nature, and ultimately decided that none of these textbooks would be adequate for the Murray State program. This represents a deliberative and careful decision on the part of the experienced literacy faculty and was intended to protect the fidelity of the reading program which has received high marks at the state and national levels. This decision was not approached lightly. The textbooks currently used for the reading program are fully recognized by the International Reading Association which is considered to be the world's leading organization for literacy professionals.
- Quite a few questions have been raised nationally about the NCTQ process and the intention is not to be adversarial, confrontational or oppositional in any way. Textbooks chosen for the Murray State program represent more balanced textbooks – in line with Kentucky standards for this area.
- The entire college was fully committed to participating in this process and adjusting programs where possible to develop a better understanding of NCTQ standards and expectations to improve MSU's ratings. MSU staff worked closely and cooperatively with NCTQ staff, raising many questions and asking for guidance. As a result of these collaborative efforts, he has the personal cell phone number

of the NCTQ analyst with whom he worked most closely. He looks forward to reporting the results of the 2014 review later this summer.

Dr. Thornton expressed appreciation to faculty and staff for the time and effort they have dedicated toward this initiative. Dr. Curris indicated he was quite concerned regarding the results from the 2013 review and publicly expressed those concerns. He understands this is a situation Dean Whaley inherited and is not one of his making. He joins Dr. Thornton in expressing appreciation for the extraordinary amount of time faculty have expended on this issue. All recognize and appreciate there are going to be areas where, professionally speaking, there is disagreement. He appreciates the conscientious effort, particularly in terms of how the literacy texts were approached, to identify the bases for the low score Murray State received in 2013. Some issues were operational in nature (the right information was not submitted) while for other concerns an effort was made to determine what peer institutions that received higher scores were doing. This represents a much-appreciated comprehensive effort on the part of the faculty and leadership in the College of Education to address the issue and present Murray State's program in the most positive light. It is presumed that where weaknesses were cited efforts are being made to strengthen those areas. When this work is undertaken it enhances the University's reputation and it is obvious there is open communication between Murray State and the agency that issues the report. If the University is criticized in some area it will not be because of acts of omission but will represent a difference in professional judgment. It is obvious Dean Whaley has done a good job because the Provost is recommending that he have additional responsibilities with an expanded college.

Dr. Thornton indicated the Board is aware this has been a very engaged time for the University in academic matters and expressed appreciation for the leadership of President Miller and Provost Morgan, along with faculty and the administration.

The National Council for Teacher Quality rankings update was presented for informational purposes only and required no action.

Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) Update, received

Dr. Morgan complimented the Murray State campus on a successful SACSCOC Reaffirmation of Institutional Accreditation. Over 150 individuals over the past two years have worked on this initiative. Almost two weeks ago Murray State was given a designation that not many schools receive and this speaks to the strength of the institution, its programs and employees. Dr. Curris indicated he has known the Chair of the Visitation Team for several years and he was so effusive in his compliments when they last saw one another Dr. Curris chided him that he had not looked closely enough. The Team Chair further indicated there were several things Murray State does that he intends to implement at his home institution. Dr. Thornton indicated that SACS is the most difficult among the accrediting bodies across the country.

Adjournment

The Academic Affairs Committee adjourned at 11:30 a.m.

Audit and Compliance Committee

Harry Lee Waterfield II, Chair
Constantine Curris
Phil Schooley
Jenny Sewell

Mr. Waterfield called the Audit and Compliance Committee to order at 11:30 a.m. and reported all Committee members were present.

Audit Engagement Letter, approved

Ms. Dudley reported that in December 2013 the Board of Regents extended the audit contract with RubinBrown for three years at a cost savings (\$5,000) and the administration is recommending approval of the Audit Engagement Letter for the upcoming year. This represents

a standard Engagement Letter and while the Board is normally presented with a Racer Foundation Engagement Letter at this same time, the administration is currently evaluating that service for the Racer Foundation. As a result of this review, the Engagement Letter could be changed but would be brought before the Board for approval at a later date.

On behalf of the Audit and Compliance Committee, Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the Audit Engagement Letter for the June 30, 2014, audit as submitted by RubinBrown. Mrs. Sewell seconded.

Dr. Curris asked President Miller to outline the cooperative effort between the MSU Foundation and the audits. Dr. Miller reported that RubinBrown is an outstanding firm and has done a terrific job for the University and has even begun to hire Murray State graduates. He served as head of the MSU Foundation for many years and that entity always piggybacked on the University's audit, meaning whatever auditing firm the University chose would be the one the Foundation would use, generally at a savings to the institution. Audit fees have been paid for auditing the Racer Foundation and it appears that service may no longer be required.

There being no further discussion the motion carried.

Adjournment

The Audit and Compliance Committee adjourned at 11:33 a.m.

Buildings and Grounds Committee

Marilyn Buchanon – Chair

Susan Guess

Jeremiah Johnson

Phil Schooley

Harry Lee Waterfield II

Mrs. Buchanon called the Buildings and Grounds Committee to order at 11:33 a.m. and reported all Committee members were present.

Savage Cave Transfer of Property, approved

Mr. Oatman reported that Murray State has owned Savage Cave since the 1980s and has experienced numerous issues associated with the property mainly due to control. An individual is not posted to watch over the site and the University has been attempting to transfer the property for some number of years. The Board approved the transfer in 2002 and the University is now able to move forward with the transfer. The official transfer is being presented to the Board with a Resolution and the Finance Secretary is supportive of this action. In response to a question regarding what will happen to Savage Cave once transferred, Mr. Oatman reported it will be under the ownership of Logan County where they have local control of the cave. A conservation entity will be utilizing the cave and the University's archaeologists will still be able to access the cave. The Finance Secretary has asked the University to include a clause indicating if a decision is made to sell the cave ownership will go back to some public agency (possibly even Murray State). Assurance was provided that any issues with regard to the archaeological value of the cave have been vetted and resolved. Dr. Curris reported he was intimately involved in imposing this cave on Murray State University and, for dereliction of duty, he stands reprimanded.

On behalf of the Buildings and Grounds Committee, Mr. Johnson moved that the Board of Regents, upon the recommendation of the President of the University, approve the transfer of ownership of Genevieve Savage Cave to the Logan County Fiscal Court. Mr. Schooley seconded and there being no further discussion the motion carried.

The Buildings and Grounds Committee adjourned at 11:38 a.m.

Closed Session

Chair Curris solicited a motion for the Board of Regents to go into Closed Session pursuant to Kentucky Revised Statute (KRS) 61.810 (1)(f) to discuss matters which might lead to the appointment of an employee. Mr. Williams so moved. Mrs. Guess seconded and there being no further discussion the motion carried.

Chair Curris indicated the Board would adjourn for lunch to interview the second finalist for the presidency of Murray State University. The Board anticipates returning to this room following Closed Session – at approximately 2 p.m. – and at that point will resume in Open Session for the remainder of the Committee meetings.

Closed Session began at 11:39 a.m.

Open Session

Dr. Fister moved that the Board of Regents reconvene in Open Session. Mrs. Guess seconded and there being no further discussion the motion carried.

The Board reconvened in Open Session at 2:10 p.m. Chair Curris reported the Board interviewed one of the two finalists for the presidency of Murray State University and no final action was taken during Closed Session.

Committee Reports/Recommendations (reconvened)

Buildings and Grounds Committee Marilyn Buchanon, Chair

Reconvene

Mrs. Buchanon reconvened the Buildings and Grounds Committee at 2:10 p.m. and reported all Committee members were present.

Tennessee Valley Authority (TVA) 5 MR Agreement Update, received

Michelle Saxon, Internal Auditor, expressed appreciation to Mr. Oatman for explaining the TVA 5 MR Agreement to her in a way that she could understand because she is certainly no expert on this topic. Murray Electric and TVA approached Murray State in 2002 to inform the University it would be required to adhere to a new rate structure in 2010. This would cause Murray State's utility costs to increase significantly. At that time an energy consultant was hired who introduced the five-minute response program. A great deal of research was conducted and MSU ultimately decided to accept the consultant's recommendation to pursue the 5 MR contract. Although the Board did not vote on the contract, it was presented at the February 19, 2010, meeting as an informational item pertaining to the energy savings project. At that time the Board approved the Master Lease-Purchase Agreement for the two-megawatt generator. Murray State had various options to choose from for this contract and anticipated credits could vary from \$16,000 to approximately \$400,000 per year. The options ranged from shutting down two megawatts of power within five minutes to a total campus-wide shut down within five minutes with shutting down all power resulting in the greatest credit possible. A key factor in making this decision was taking into consideration Murray State's old electrical system. The way the University's system is configured makes it difficult to shut down a specific amount of power at any given time. The University entered into the contract with TVA on September 2, 2010, which called for Murray State to shed 100 percent of power within five minutes. In exchange for agreeing to interrupt service the University received a credit of \$4 per kilowatt of the highest 5 MR demand that is established each month. The Board was presented with information on the credits earned by the University per year, along with their estimated worth through the life of the contract. The main issue to consider is that Murray State is penalized if it cannot shut down within five minutes. The maximum penalty is the amount of the credit the University has received over the 12 months prior, plus 20 percent. The University's credits have averaged at least \$390,000 per year over the past three years and an additional 20 percent penalty would amount to \$416,000. Repairs for the recent outage and resulting damages cost \$260,000.

There are two types of generators on campus, including Emergency/Life/Safety (ELS) generators and specialty generators. All major campus buildings have ELS generators which provide emergency lighting within 15 seconds. Three specialty generators serve the Industry and Technology Building, General Services and Public Safety. A fourth specialty generator is the two-megawatt generator that supplies power to the housing complex (all residential colleges), Winslow Dining Hall and the Recreation and Wellness Center. That generator supplies approximately 20 percent of the power load on campus. Some smaller buildings on campus do not have an ELS generator but those facilities have battery powered exit lights. It is not a code requirement to have an emergency generator but it is a code requirement to have lights and signs during a power outage. The University's generators are serviced and tested every month but without having extreme temperatures there is no way to test the generators in a true environment such as the one which existed on January 6. Murray State received notice it would have to cut power and when the power was shut down there was a problem detected on the housing circuit which prevented the load being shifted over to the two-megawatt generator. As a safety feature, if there is any problem on the housing circuit the load cannot transfer so property is not destroyed and no damage is caused. It took approximately five hours to troubleshoot the circuit, identify the problem and transfer the load to the two-megawatt generator. Once the load was transferred the generator successfully functioned for three hours until a belt broke. Of the 46 ELS generators at the University, 34 started within 15 seconds as expected and the other 12 generators failed basically because the extremely cold temperature had drained batteries and caused the unit to become frozen over time. The three specialty generators functioned properly.

The cost to repair the damages caused by the extremely cold temperatures and the power shutdown was approximately \$260,000 and charts were provided which illustrate where those costs occurred. If these costs are offset with the net savings the University has earned from the 5 MR contract this amounts to approximately \$652,000. The University will also seek insurance reimbursement so that net figure will increase as costs decrease further. At least one-half of the cost of repairs was for fan coil replacement (\$155,215) and Facilities Management labor and materials (\$51,432). Figures for Public Safety and Dining Services labor have not been finalized but are estimated to total between \$10,000 and \$15,000. A breakdown of repairs by type and location was also presented. Confirmation was provided that this event helped Mr. Oatman and staff determine where weaknesses exist on campus and begin to implement different initiatives to mitigate those risks in the future.

Mr. Oatman reported what led to the discussion regarding the 5 MR Agreement was the 2009 ice storm when there was no power at MSU for three days with students on campus. This represented a very trying time and, as is always the case following such storms, a post-planning meeting was held to determine those issues that should be handled differently. One such issue was the need for power generation if the University loses power due to a natural disaster. This was discussed as a critical issue in 2009 and, at the same time, TVA had approached the University about the new rate structure which would be punitive in relation to demand. The University's electric bills are based on demand and usage and the demand portion was going to be extremely high and the graph presented by TVA illustrating this was provided to the Board. Information on actual historical cost was provided to give a comparison of what costs would be under the new rate structure. During the summer months the cost to the University would be significant. TVA made the point that if Murray State can take measures to save energy during peak times – mainly during the summer when demand is higher – then it could keep its electric bills relatively the same. Aside from some sort of energy conservation the University would have experienced a rate hike. During this time discussions occurred with the former Vice President for Finance and Administrative Services to make a determination of ways to conserve energy and save on utility bills, particularly since 2008-09 was the period during which the University began experiencing reduced state appropriations.

Many initiatives were implemented to conserve energy with the most significant being a voltage optimization system where devices are placed on the far parts of campus which allows them to "talk" to the Central Plant controller to indicate the voltage situation in those areas. This represents relatively new technology for institutions such as Murray State and TVA actually awarded \$246,000 to the University to be used toward the project cost. It was determined that any resulting savings would not cover the expense to the University due to the rate hikes and a consultant was hired who provided information regarding the TVA 5 MR Agreement. Other interruptible systems exist but the 5 MR Agreement seemed to be the best fit for Murray State. Meetings occurred with TVA officials and other universities to gather information on how such

an agreement would affect the institution, as well as associated benefits. Western Kentucky University represents a sister institution on this same rate structure but they have more ability to control HVAC and power across campus and can target and protect some of the load.

Maps of how the system works and is connected to the two-megawatt generator were shown. When the decision was made to pursue the 5 MR Agreement it was known the two-megawatt generator would be purchased shortly. The housing units, the Recreation and Wellness Center and Winslow Dining Hall are powered by the two-megawatt generator. Old Franklin College, Richmond, Regents and White are also powered by the two-megawatt generator but some manual switching must be done to get those buildings on the generator circuit and it is not an automatic process. It is known that while running the generator the load will have to be managed and cannot remain at 100 percent. The Public Safety Building has a specialty generator that powers the entire facility and was acquired with grant funding. If a power outage occurs due to a natural event, such as a storm or tornado or if TVA calls and requests the University turn off power, these represent the buildings the University would still be able to power. The University's system has different branch circuits that are configured radially and not in one big loop. One circuit is the Industry and Technology Building which can be turned on immediately if the University was protecting one megawatt of power in the contract with TVA but this represents only one building. The University's total megawatt per contract load with TVA is 11.5 megawatts and the most that has ever been experienced is approximately 10.6 or 10.7 megawatts. The 11.5 megawatts assumes usage in all buildings does not peak at the same time and a normal balanced load is maintained. If the University turns all power off but turns one building back on that represents a peak so in considering all the buildings that can be turned on and off the issue of peak must also be taken into consideration. The University's heating load is less than its cooling load because natural gas is used for heating. Electric chillers are used during the summer and demand and costs are higher during this period. Another alternative is to turn on one circuit which consists of the Central Plant and Howton Ag Building as this represents a small megawatt usage. Another option of adding several buildings was considered, including Sparks Hall, Faculty Hall, New Fine Arts, Curris Center and Applied Science. If the University wanted to turn this circuit on and protect enough load, 10 megawatts would need to be protected especially in the summer. If all buildings are turned on at once usage will peak at 9.2 megawatts for cooling and 6.4 megawatts for heating. Another scenario is to turn on another group of buildings, including Wells Hall, Wilson Hall, Wrath Museum and the Business Building. Another circuit would power the Science Complex, Alexander Hall, Heritage Hall and the CFSSB Center (8 megawatts for cooling).

Presenting these possible scenarios gives the Board an idea of how difficult it would be to have a protected amount of load and ensure that is not exceeded which would require the University to pay a penalty. If the University knew it would be penalized it would be more desirable to protect a smaller load. Credits are based on the highest peak demand each month. If the University's peak demand during summer is 10 megawatts and 8 megawatts were protected this leaves only 2 megawatts on which the credit is calculated during the summer. During the winter the University does not reach 8 megawatts so there would be zero credit. As configured, the setup is complicated but in analyzing possible options, realizing the difficulty with controlling a precise amount of power, the administration determined – with the history of 5 MR and that TVA had never exercised the option to curtail – this was the agreement that would be in the best interest of Murray State because the risk of curtailment was very low.

The contract was issued on September 2, 2010, and each month the University's electric bills reflect the amount of credit earned (approximately \$30,000). To date credits received by the University total \$1.352 million. The total cost of the two-megawatt generator in 2011 was \$1.498 million. TVA called the University on January 6, 2014, at 5:37 p.m. On the Friday prior the institution was put on alert that TVA might exercise the shutdown option and although University officials maintained close contact with TVA officials throughout the weekend, they would not make any promises. The email received from TVA on Sunday night, January 5, during the time the University was in an alert period, was shared and the potential of a power curtailment was considered to be low risk. TVA indicated if there would be a curtailment it would likely occur on Tuesday, January 7, at 7 a.m. and MSU staff began planning accordingly. Efforts were undertaken to ramp up heat in the buildings to provide as much heat as possible if a curtailment did occur. The University had just come off Christmas Break and the buildings were quite cool. The call to shut down came from TVA on January 6 and that work was undertaken according to established procedures tested and approved by TVA. The two-megawatt generator

started but did not transfer the load. Troubleshooting began immediately and while the generator started it will not begin sending power out on a circuit until it is known there is not a problem. The University acquired a new generator in 2011 but is powering old systems and started experiencing faults. It was 4 degrees that evening with a wind chill factor of -15 degrees and troubleshooting was difficult. The electrical contractor was called to assist and finally it was necessary to bypass one of the safety features to start testing and gradually bringing on loads. At 10:30 p.m. the circuit that powers the housing facilities and Winslow was energized. The generator ran for approximately three hours when belts began to fail. While the generator was working Resident Advisors had already started the process of transferring students to buildings not on the main power feed that would definitely be able to sustain power. The contractor for the two-megawatt generator was called but could not travel to Murray until the morning and full power was restored by 9:15 a.m. It was later that following morning before they were able to change the belts because they were on other calls due to a high number of generator issues which occurred at other locations.

Some buildings experienced damage mainly due to freezing of water systems in those facilities. The Board has been provided with spreadsheets of the damage which occurred in basically every building on campus, although some issues were minor (less than \$1,000) in comparison to others. A walk-through inspection of each building was necessary and the time it took to undertake this work (labor) is included in the overall cost. Four to five buildings had over \$10,000 in damage with the worst being the Business Building where the heating and cooling coils froze and busted. Part of this can be attributed to the fact that these were 50 years old and were already in need of replacement. Most buildings on campus with relatively new equipment performed well. Franklin College was one of the facilities that suffered the most damage (\$20,000) and right next to it is Richmond College that had less than \$10,000 in damage because fan coils had already been changed in Richmond but not in Franklin. The old pipes and equipment that are more fatigued due to age experienced more damage.

An attempt is being made to gather additional information on the possibility of modifying the 5 MR Agreement. TVA has indicated it will allow the University to modify the agreement but any changes would have to be justified. TVA provided a graph illustrating the top 30 peak demands of all time. January 6, when the University had the outage, was number 30 but since that time there have been four worse higher peak periods. TVA also put the University on notice on January 24 and, anticipating a shutdown, the University began making preparations, including starting the two-megawatt generator and running it for three hours. The generator worked fine although the University was never asked to curtail power (TVA ran 3,352 megawatts that evening which represents the third all-time highest peak ever experienced). Mr. Oatman and Dr. Miller asked why the University was asked to curtail power on January 6 when it was not even the worst highest peak and TVA officials indicated that since January 6 several initiatives to improve the system have been undertaken. On January 6 the Paradise Power Plant was only half functioning but is now fully functional, plus there are better purchasing agreements in place for buying additional power from other companies or entities during emergency situations. They had a buying agreement in place on January 6 but when TVA called the other entities to buy additional power they could not get it due to the extremely cold temperatures. Four times since January 6 TVA has experienced higher peak demands. Confirmation was provided that Murray State was not the only entity called and TVA actually called all 5 MR Agreement customers. Western Kentucky University also had to shut down a portion of their load. The WKU President has indicated pipes still froze and burst the night of January 6 but this was not a result of the 5 MR Agreement and was due to the extremely cold weather.

Confirmation was provided that heavier duty belts have now been installed and there is some level of comfort the two-megawatt generator will work. The contractors inspected and replaced belts on November 10, 2013, as part of annual maintenance and confirmation was provided that the new belts are improved over the belts which were being used. Confirmation was provided that the two-megawatt generator is exercised on a regular basis (every month) but this is not a test where the load is transferred similar to what would be done if the University received a call from TVA. Power to the entire campus would need to be shut down in order to perform such a test and that is difficult to do because activities are always taking place on campus. Consideration is being given to a monthly campus shutdown so Facilities Management can exercise a complete test of the two-megawatt generator. If the University protected 8 to 9 megawatts Mr. Oatman indicated the institution could be sustained through such periods like there was no outage but would receive no credit from TVA. If the University protected 4

megawatts more than one-half of the campus would still need to be shut down, even during the winter and credits would be \$200,000 compared to \$400,000. If the University protected 2 megawatts that would power only a few buildings and the institution would maintain \$300,000 in credit. Confirmation was provided that the main issue associated with this event is the age of the University's electrical system and the extremely cold temperatures.

Dr. Curris indicated this has represented a matter of concern to him and to everyone else on the Board as well as the administration. All are grateful the University was not in session when this happened. Everyone can only imagine what would have happened if the dorms were full when the curtailment occurred. All are also grateful for the great response from University staff, starting with Mr. Oatman and others, who made as much lemonade out of this lemon as they could. They worked hard and diligently to minimize, to the best of their ability, damage to the University and for that all are very grateful but there are some lessons to be learned from this event.

The first lesson to be learned is any time the University enters into an agreement which allows an entity to curtail power it should not assume that option will never be exercised. No one should leave this room today believing that folks in Knoxville give a hoot about what happens in Murray when push comes to shove. There is no such thing as a free lunch and there is a certain amount of risk involved in order to achieve savings. The University should not be cajoled by a consultant who says power has never been curtailed because it probably will be at some point and, in this instance, the University bore the consequences. The second lesson to be learned is the University must be better prepared. The institution believed it was fairly well prepared but there were a couple of interesting things which occurred. One was that the firm under contract with the University did not even show up to assist with repairs. The administration should explore options to ensure the University receives an immediate response in this type of situation. The University is too important to be lower on a priority list and must be prepared. As Mr. Oatman has pointed out, the testing schedule is being revised but he views this like a tornado watch. If a tornado watch is issued it is important everyone in the family knows what to do. It is important if there is a given place to go the door is not locked or in some way impeded. If the University receives a five-minute warning at that point it is too late to think about what the University must do – it must have a plan in place that can immediately be implemented. All appreciate that efforts are being made to be better prepared if this occurs again. The third issue that bothers him most is the decision was made to enter into a contract that would allow TVA to shut off power – irrespective of the savings – without seeking Board approval. The decision whether or not to enter into the 5 MR Agreement should have been made by this Board and it was not. In fact, the Board was not even informed about the agreement and he will go one step further and say this Board was misled. He would like to go into some detail on this issue because there are Regents who did not serve on the Board in 2010.

Dr. Curris indicated a report was given to the Board on February 19, 2010, and it is a correct statement the Board approved the purchase of the two-megawatt generator. He read the following which represents exactly what was presented to the Board:

“Mr. Denton reported that the University was reducing its electrical generation project to \$1.5 million. This amount will allow MSU to supply critical electrical loads to be used for housing and dining for all on-campus students during an extended outage. A 2,000 kilowatt diesel fired generator will be installed to provide electricity to all residence halls, Winslow Dining Hall and the Wellness Center. MSU would enter into a five-year contract with TVA for 2,000 kilowatts of five-minute response which will save \$16,000 per year. This means MSU would remove 2,000 kilowatts of electrical load from the TVA grid within a five-minute response.”

This was the motion the Board approved. The Board approved entering into the purchase of a generator in a corollary agreement with TVA for \$16,000 in savings. The Board left the February meeting believing that is the action it had approved. The decision to shut down the entire campus was made and the contract was entered into in September but was never brought to this Board. Mr. Oatman was credited for raising the question with management whether this issue should go to the Board for approval. Vice President Tom Denton took that inquiry to the President who said the issue did not need to go to the Board for approval. That is why this Board never knew anything about the agreement. The lesson learned for the Board – to be very honest

– is that this Board must reaffirm its responsibility. It is an embarrassment that a contract of this nature which allows a power outage to occur was never known by this Board. Rogue decision making cannot be tolerated and one of the things the Board will deal with tomorrow is a clear statement of delegation of authority to outline what this Board is responsible for so everyone is aware. If ever there was a good reason to make sure the Board has a document such as this in place, this situation would be it. The Board should also extend an apology to all individuals who were inconvenienced, including students who had to be moved (primarily international students but a few others), any faculty who wound up having disruption in their research or work between semesters and any staff member who likewise felt that disruption. The Board has confidence in the current administration and believes an effort will be made to correct these issues to ensure they do not occur in the future.

Mr. Oatman indicated discussion has occurred about hiring another firm to provide the University with recommendations on how to proceed. The first phase has been undertaken but there is no formal report at this early date. Marcum Engineering and Marcum Energy Management Services has recommended continuation of the 5 MR Agreement as is basically because the cost of the curtailment was 18 percent of the credit and it continues to allow for a revenue stream for the purchase of additional electrical generated capacity. The University could use these savings to purchase another two-megawatt generator.

Dr. Curris does not want to shortchange the significance of this discussion and how the Board proceeds. If this issue had come before the Board it is unknown whether this entity would have acted differently but there are a couple of members of this Board who are knowledgeable in this area. Steve Williams is the head of the largest hospital operation in the state and he is likely well versed in power outages and backup operations. Dr. Thornton – President of one of the largest community colleges with four different campuses and two different electrical systems – further represents expertise on the Board. It is even more important for the Board to ensure the University receives quality consulting advice on how it can have greater backup capacity – whether it is for half of campus or the entire campus – and all options must be reviewed. The Board needs to be assured it has the kind of expertise it needs in the way of consulting and engineering assistance.

Ms. Green questioned why TVA would give the University only five minutes to shut down power and Mr. Oatman indicated that is due to different rate structures. There is a 60 MR Agreement which would give the institution 60 minutes lead time but the amount of credit goes way down and in reviewing the issue a decision was made that even 60 minutes would not be enough time to figure out the complexity of trying to protect some load and the administration chose not to proceed in that fashion. The entire structure for interruptible service rates started a long time ago and TVA has been offering this option for many years. TVA indicated agreements are in place with other entities like Murray State because MSU can flip a switch and turn off a lot of power. There are not many industries that can do this and those entities generally have more aggressive rates. That is why TVA approached Murray State with the possibility of having interruptible service rates and why the University qualified. The University went through a rigorous process of demonstrating to TVA it could turn power off relatively quickly. The entire agreement is designed around those times when there is an extreme situation such as what occurred on January 6. TVA was trying to tell the University on Sunday night that power would be interrupted Tuesday morning but it actually happened on Monday night.

Mr. Williams indicated there are far more needs than resources but, in the context of the Board's planning, asked how much funding would be necessary to get the University to an acceptable circumstance so the institution could have zones to handle a grid shutdown. Mr. Oatman reported that \$13 million is what the University needs to be able to run its system the way it needs to be run and replace all underground conductors and transformers that are 30 to 50 years old and add new generators. Current circuits are antiquated and inefficient and part of the \$13 million would be used to replace the lower voltage distribution system. When the replacement is made it will be done in a circular or loop fashion but will require that all transformers, chillers and other equipment be replaced – which needs to occur anyway. If the University had access to \$2 million to \$3 million that could go a long way and confirmation was provided the project could be undertaken in a piecemeal fashion.

Mr. Williams asked that an explanation of funding sources be provided, including those projects the University should seek from the state and projects for which the institution must find funding

within its own budget. Dr. Miller reported that two biennia ago this represented the University's Number 2 project request provided to the state. Presidents of the other Kentucky universities have indicated they are experiencing infrastructure problems as well. Deferred maintenance is a topic which must be addressed. The University is not going to receive money from the state for this purpose and while he hates to use reserves, a good infrastructure must be in place to protect students, faculty and staff.

Mr. Oatman reported that in 2007 the CPE hired a firm to undertake a statewide assessment of all Kentucky universities. During this process approximately 65 percent of the University's assets were reviewed and a figure of \$207 million was developed. This represents equipment which has outlived its life on the main campus only. During one biennium the state provided a match and the University received almost \$1 million but nothing further has been provided. The University did spend approximately \$1 million to \$2 million each year (from interest earnings) but that ability has since diminished because interest rates are so low. Ms. Dudley is doing an excellent job in looking at ways to fill the gap and budget some funding toward deferred maintenance. The University should be spending 1 ½ to 2 percent of the total replacement value every year. If it was possible to expend \$2 million to \$3 million each year that would go a long way toward addressing current needs.

Dr. Thornton asked whether the University has identified companies willing to enter into a long-term agreement for replacement of equipment which would result in savings and the ability to provide a commission back to those companies. Mr. Oatman reported consideration is currently being given to an energy savings performance contract. This same type of initiative was undertaken in 2006 and in a few years will be paid off. The University has authorization to pursue another performance contract and discussions are underway with various firms in regard to energy conservation measures. Dr. Curriss earlier mentioned hiring a consultant to collect quality information and that would help to identify critical needs. Mrs. Sewell indicated that in the United States, Kentucky and everywhere the infrastructure is aging. Not only is there an issue with funding and chillers but when one is talking about electrical systems that represents a real safety issue and this would be a great place to start with repairs. Confirmation was provided that CERR funds have historically been used for repair and replacement. CERR represents the University's interest earnings and is what the institution has utilized for a number of years to accomplish some of this work. The University customarily had access to \$1 million for this purpose but that has now decreased to \$300,000 as a result of lower interest rates. An effort is being made to address this need and include funds in the budget but these projects do compete with other demands and budgetary needs.

Mr. Oatman indicated if the University does not tell TVA it wants to change the agreement by April 15, 2014, there will be no additional opportunities to make changes so that decision does need to be made. If the Board does not request a change in the agreement it will continue as currently structured. When asked for his recommendation, Dr. Miller indicated the current contract will expire in 18 months and savings would amount to about \$600,000. If the University modifies the contract to have the additional power but cannot get that power where it needs to go to properly heat and cool the buildings due to an outdated system, he recommends continuing under the current contract. He also believes the University should hire consultants to provide expertise and recommendations for the campus and follow all possible avenues to lobby the state for money (which the University likely will not get) and should also take care of its own problems through better budgeting. This represents a safety issue and is a real concern. He recommends the University remain with the 5 MR Agreement as it currently stands due to the current budget situation. Even if the University was able to get partial power it is not going to help the institution because it cannot be distributed in the fashion needed.

Agreement was reached that taking no action by April 15 means the University will continue its contract with TVA. Mr. Williams indicated the Board should clearly go on record relative to the issue mentioned earlier by Dr. Curriss and it must be assumed lightning will strike twice. Mr. Oatman confirmed a plan is in place and the last experience helped identify areas of weakness which have now been addressed. Confirmation was provided that there are backup systems for critical areas such as the information technology system and special generators which power areas within the Science Complex where experimentation is being undertaken and animals are kept.

Dr. Fister indicated the administration should develop a plan to illustrate how infrastructure needs can be addressed utilizing a phased approach to the \$13 million needed. Mr. Oatman stated the consultants could assist with this work within a three-to-five-year timeframe. Mr. Williams agrees this plan should be prepared and various phases for this work should be included in budget assumptions moving forward. The University has not yet engaged a consultant because Board approval is needed but this work can certainly take place during the summer to be reported to the Board at the Fall meeting. Mr. Oatman reported the consultant would be hired to provide a comprehensive study to the University which will include recommended measures. That would then be put in a Request for Proposals that would be approved by the Board to be bid out to different companies. The University requests very specific amounts for capital projects but for energy saving projects the amount is open ended. The administration will develop a plan to be presented to the Board for approval and then for approval in Frankfort. The request can be as high as the University wants it to be but Frankfort representatives will be looking at the payback and do not want the universities to undertake a 20-year payback period. This would be set up based on an acceptable payback period. Dr. Curris indicated universities across the country are addressing high energy costs and the University, through professional associations with plant administrators, should try to identify institutions that have experienced marked savings to determine which consultants those universities used and the nature of any savings. MSU is looking for good ideas and best practices and should pursue such initiatives.

Contract Assumptions, approved

Mr. Waterfield moved that the Board of Regents adopt the following assumptions pertaining to this type of contract:

- Any time the University considers entering into a contract such as the 5 MR Agreement which would curtail power it should not assume that option will never be exercised. There is a certain amount of risk involved in order to achieve savings. The University should not be cajoled by a consultant who says power has never been curtailed because it probably will be at some point.
- The University must be better prepared than it was. The firm under contract with the University did not immediately show up to assist with repairs. The administration should explore options to ensure the University receives an immediate response in this type of situation.
- A revised testing schedule is being considered but it is important for a plan to be in place that can be implemented immediately.
- Any time consideration is given to entering into a contract of the magnitude that would allow an outside entity to turn off power to the University, approval of the Board of Regents should be required.
- Some members of the Board are knowledgeable about having backup power plans in place and those individuals should be consulted on such matters.
- It is important to ensure the University receives quality consulting advice on how it can have greater backup capacity and all options must be reviewed. The Board needs to be assured it has the consulting and engineering expertise that it needs.
- The administration should provide the Board with an indication of those University projects that should be sought from the state and projects for which the University must find funding within its own budget.
- The administration should identify companies that would enter into a long-term agreement with the University for the replacement of equipment which would result in savings and the ability to provide a commission back to those companies.
- Consideration should be given to hiring a consultant to collect quality information to help identify critical needs.
- Taking no action by April 15, 2014, means the University will continue its contract with TVA.
- The administration should develop a plan to illustrate how infrastructure needs can be addressed utilizing a phased approach.
- The administration should identify other universities across the country which are taking steps to address high energy costs and identify those institutions that have experienced marked savings to determine which consultants those universities used and the nature of any savings.

- All should continue to look for good ideas and best practices and should pursue such initiatives.

Mr. Johnson seconded and there being no further discussion the motion carried.

Mr. Williams indicated he has an additional issue relative to process and approvals. It raises a difficult issue – particularly for staff – when someone is instructed to waive a given policy or procedure. It might be good for the Interim President to help in this respect because it would represent another tremendous contribution he could bring to the institution. There are clearly policies in place within his organization that indicate if an employee is asked to override a Board policy, no questions asked that report goes to the Internal Auditor and that individual is bound to report such occurrences. This represents one way to handle a situation where an employee is asked to ignore Board policy. It must be known this information will get back to the Board by virtue of Board policy. This represents a system of checks and balances and he does not know whether this is the answer for Murray State but is simply using the situation at his company as a resource. He does not have the option to tell someone to do something that is against Board policy and given the circumstance at MSU it is probably a good lesson the Board can follow-up on to ensure all are following current Board policies. Dr. Miller agreed to reflect on this sentiment and report back to the Board on how he thinks this issue should be addressed. He agrees 100 percent that the Board is making the decisions and if it does not have all the information it is not able to make fully informed decisions. He has indicated to the Vice Presidents and Deans that he does not like surprises and he knows the Board does not like surprises. Mr. Williams indicated no one knows what decision the Board of Regents might have made but the Board would still own the consequences because it took a particular action.

Adjournment

The Buildings and Grounds Committee adjourned at 3:27 p.m.

Enrollment Management and Student Success Committee

Sharon Green, Chair
Marilyn Buchanon
Jeremiah Johnson
Phil Schooley

Ms. Green called the Enrollment Management and Student Success Committee to order at 3:28 p.m. and reported all Committee members were present.

Spring 2014 Enrollment Report, received

Fred Dietz, Executive Director for Enrollment Management, reported the following with regard to Spring 2014 enrollment:

- The enrollment numbers being presented are preliminary and Spring numbers are not “locked in” with the Council on Postsecondary Education until March 25.
- Overall total undergraduate and graduate enrollment numbers are down by 102 students but could change as figures are finalized.
- Winter term enrollment was up for the third consecutive year (9 percent) with an increasing number of students beginning to enroll over the winter break.
- First-time freshmen enrollment is up by 15 students (21 percent); first-time transfer enrollment is down 47 students (16 percent).
- Preliminary first-time graduate enrollment is down 17 percent and even though this number is trending downward, full-time graduate enrollment has increased.
- Overall, first-time total enrollment for undergraduates increased by 21 students (.3 percent) and includes first-time freshmen, first-time transfers and returning students. In terms of graduate students, enrollment is down by approximately 22 students. The bulk of this decrease represents part-time graduate students in education. Full-time graduate numbers increased slightly.
- Under Dr. Miller’s leadership an Enrollment Council was established to address various issues. Work is taking place in conjunction with Student Affairs and Academic Affairs and the Vice Presidents for those respective areas serve on the Council to address undergraduate freshmen admissions and freshmen, graduate and transfer enrollment, representing a more collaborative effort to identify initiatives which can be implemented moving forward.
- In response to a question regarding the decrease in part-time graduate education majors, it was confirmed these students are pursuing less expensive options. Dr. Morgan indicated the students are

chasing lower cost online providers and discussions have occurred in terms of possible incentives which could be implemented to entice these students back to Murray State. Often lower cost providers charge \$100 to \$200 less per credit hour and these students are not only chasing the cost savings but also the flexibility an online format provides. It is especially difficult for working families to break away from the traditional class schedule at MSU. Consideration is being given to additional incentives the University could offer to entice these students back to the institution and some strides are being made.

- In response to a question regarding whether specific efforts have been directed toward graduate enrollment, Dr. Morgan confirmed one item being considered is whether the University can provide differentiated tuition for graduate students. Work continues with Ms. Dudley to determine the economic impact of such initiatives. Recruitment efforts throughout the area have already been increased and some strengthening in full-time graduate student numbers is being evidenced. Financially this represents the University's "bread and butter." A determination must be made of how to address the decrease in part-time graduate students because the University is losing approximately 80 to 85 education students at the master's level which is especially disconcerting due to the difficulty of attracting these students back to the institution.
- A state and county report is reviewed regularly and currently shows that in terms of applications the University is up in the 18-county service region and is up in terms of African American recruitment. The University is currently down in out-of-state applications in Illinois, Missouri, Alabama and Tennessee but overall is almost even with last year.
- An initiative led by Drs. Miller and Morgan is *Racer Roundup* which represents an effort to push the University even more in the 18-county service region. The program has been very well received and has been led by Dr. Morgan. Approximately 30 teams are visiting schools in the 18-county service region, meeting with counselors and talking with students. An administrator or faculty or staff member may lead a particular team, hold an initial meeting at their respective school during the Fall 2013 semester and then begin coordinating efforts to bring these high school students to campus during the Spring 2014 semester. Enrollment numbers for the 18-county service region are increasing.

This report was presented for informational purposes only and required no action.

Adjournment

The Enrollment Management and Student Success Committee adjourned at 3:38 p.m.

Finance Committee

Stephen Williams, Chair
Marilyn Buchanon
Constantine Curris
Renee Fister
Jerry Sue Thornton

Mr. Williams called the Finance Committee to order at 3:38 p.m. and reported all Committee members were present.

Property Acquisition – 603 North 16th Street, approved

On behalf of the Finance Committee, Dr. Fister moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University to purchase the property located at 603 North 16th Street in Murray, Kentucky. Dr. Thornton seconded and there being no further discussion the motion carried.

Future Tuition Rate Analysis Report, received

Dr. Miller reported that a *Rankings and Enrollment Committee* has been formed to review current Murray State tuition rates and discounts because there are approximately 20 different prices for tuition which is not acceptable. Other state institutions have four to five tuition rates. The MSU tuition structure is currently confusing to parents and students and the Registrar has difficulty maintaining the different figures required for each separate rate. This process must be streamlined and doing so will not be detrimental to the University. Previously it was believed the amount of the discount offered would affect the University's rankings but that is not the case. A recommendation will be presented to the Board at the next meeting to reduce the number of different tuition rates and studies will be undertaken to review what competitors are doing. The

recommendation may be for the University to hire a consultant to review the issue but institutional staff will first perform their due diligence. Confirmation was reached that simplifying tuition rates and enhancing revenue represent great initiatives.

This report was presented for informational purposes only and required no action.

Preliminary 2014-15 Budget Status Report, received

Dr. Miller indicated he recently presented this report to the campus community. The University must provide for promotions and awards for employees next year and this represents one expenditure in addition to last year's budget (\$124,000). The state has mandated the University pay its portion of pension costs (\$1.4 million) and the KTRS rate increase (\$134,000). At the first of the year it was discovered that Murray State's health insurance premiums would increase by \$552,000 on the insurance policy for faculty and staff. At that time the decision was made for the University to cover the entire portion of the increase. The economy has been tough and bad debt expense represents what students owe that the University has been unable to collect. Although a procedure is consistently followed for turning delinquent accounts over to collection agencies to collect student debt, the University will be required to write off \$155,000 in bad debt expense. As was reported earlier, interest rates are down and the University will not earn as much interest revenue (reduced by \$150,000). Total fixed costs are \$2.5 million and the budget currently has a shortfall of \$1.1 million being used from reserves. All want to ensure this amount is covered in the budget for this year. In terms of academics, new programs are being added at the Paducah Regional Campus – and the University is being smart doing so because students attending community colleges can transition directly into the University's program – but the establishment of these programs costs money (\$6.5 million for new faculty and programs). While these programs will be primarily for Paducah they will also be taught in Hopkinsville, Henderson and Madisonville and it is hoped the result will be enrollment increases at each of those campuses. The University currently employs many adjuncts who are not covered under insurance. The administration felt an obligation to these individuals to start the process for them to become permanent employees. Over the next year 5.5 FTE will be added to make adjuncts permanent faculty and provide the appropriate benefits for these individuals.

Information was presented on recruitment initiatives which had previously been paid utilizing Single-Year Contingency funds in the President's Office (not in the budget). Dr. Miller is an accountant and believes all expenditures should be reflected in the budget and some things the Board has not previously acted on are shown as continuing expenses which should be included in the budget. One such expense is \$96,000 paid to a search firm – Royall & Company – to identify potential students to increase enrollment. The expenditure has previously been paid but he is unsure whether the Board was aware of the expense. The *Racer Roundup* program will cost \$50,000 but represents a good investment to recruit students within the 18-county service region. A small stipend for the Governor's Scholars Program had been paid from Single-Year Contingency but will now be included as part of the budget, as will the salary and fringe benefits for an Illinois recruiter. These are not new initiatives – they are now simply being reflected in the budget. Another individual will be hired to recruit primarily in Illinois during the recruiting season but that person will then be utilized in the Financial Aid Office during the off-season which allows the University to receive full benefits from that employee.

Dr. Miller indicated a 1 percent increase in salaries amounts to \$833,000 and is included in the calculations presented. Other items include a new position in the Counseling and Testing Center, a Title IV Coordinator (\$47,000) and the addition of a position in the CFSB Center. The University will also have cuts but these represent priority items the Vice Presidents have indicated the University must have to be competitive this year. A new item which has been added to the budget is Building Major Maintenance (\$630,000). This represents the first time deferred maintenance has been budgeted and does not represent a significant amount in terms of current needs. Another new item is \$200,000 for deferred technology maintenance. These two items total \$830,000 for infrastructure needs and it is essential the University budgets for these needs and continues to do even more in these areas. A contingency fund of \$220,000 will be housed in the President's Office because there must be a political person hired to replace Dr. Jackson. He has moved to the Foundation and is still the planned giving officer for the institution but has indicated it is time for the University to hire an individual to take over his former duties in Frankfort. That contingency will be utilized for an additional salary expense for

the new President and also for a new political person. This amounts to expenditures of \$6.9 million, all of which are necessary.

For this year the University anticipates revenue from tuition will increase by \$500,000 (1.5 percent) and this funding can be carried over and used in next year's budget. Enrollment growth from the Paducah Campus and from new programs is expected to be approximately \$900,000 and represents the only enrollment growth being predicted. At the last meeting the Board approved miscellaneous institutional fees that were discretionary to students who did not take care of business in a timely matter which saves the University money bringing the deficit to \$5.2 million. When the 2.5 percent reduction from the Governor (\$1.2 million) is factored in – and the Governor has indicated he plans to give back to the institutions one-half of the pension cost – the University is then at a deficit of \$5.7 million. All of the various areas were asked to make budget cuts and a great deal of effort was expended toward that effort. Details regarding this work have been provided to the Board (\$2.5 million). When this amount is subtracted from the deficit of \$5.7 million the University is at a \$3.2 million deficit (reflects an FTE deficit of 19.1 although 15.5 FTE have been added).

If approved, the increase in the federal minimum wage would also increase the University's deficit and would cost \$410,000 in next year's budget. The University certainly does not need any more costs at this point so all hope this legislation will not pass. Thankfully, the Board earlier agreed to maintain the 5 MR Agreement with TVA or else the University would have an additional \$200,000 cost. A campus committee has asked the administration to consider tuition waivers and a recommendation will likely be made to the Board to consider \$30,000 in waivers requested, because it represents a federal requirement, but not the additional \$100,000 originally requested.

The University has a \$3.2 million deficit, not considering tuition revenue. Current annual tuition and fees at Kentucky State is \$6,616 for 12 hours and if students take more than 12 hours their tuition increases and Murray State's does not and students can take 20 hours for the same amount. Murray State is currently the lowest in the state in terms of tuition and fees at \$7,044 with the next highest being Morehead at \$7,494. If MSU raised tuition by 6.5 percent this year for next year it would only catch up with Morehead in terms of their tuition rate but Morehead has already indicated they will also increase tuition by the maximum amount allowable this next year, meaning Murray State will not catch up with Morehead. Murray State is currently below the University of Tennessee-Martin in terms of tuition and while MSU has always been competitive with Western Kentucky University, if Murray charged what Western does for tuition it would have an additional \$15 million dollars to provide scholarships and compete more aggressively. He wants Murray State to be affordable and meets with students every day to tell them he does not want tuition to increase but students must help Murray State to enable it to be a class institution. The University has received \$10 million in cuts from the state since 2008 and cannot maintain a first-class operation by continuing to operate in the same fashion. MSU must raise tuition but the Council on Postsecondary Education sets the cap. Murray State needs to raise tuition by the maximum amount allowed by the CPE and that will be Dr. Miller's recommendation, although it is ultimately the Board's decision. The CPE asked each institution for its recommended tuition increases for two years and Murray State requested 5 percent in the first year and 3 percent in the second year. A 5 percent tuition increase (\$3.5 million in revenue) amounts to an increase of \$350 and puts tuition at Murray State at \$7,394 which is still behind Morehead State which will also increase tuition rates. A 1 percent increase amounts to \$700,000 and the University currently has a deficit of \$3.2 million. If tuition increases by 5 percent that amounts to \$3.5 million and the institution would be able to cover the deficit and have a positive balance of approximately \$200,000. The University of Louisville asked for a 6 to 10 percent increase in tuition in the first year and the University of Kentucky requested the same increase. Morehead and Eastern both requested 10 percent over a two-year period and Murray State requested 8 percent over two years.

The President and Board representatives met with the Governor who reported all governmental entities would be cut by 5 percent (except for the K-12 system). It was indicated the institutions would only be cut 2.5 percent because they have an alternative source of funding which is tuition. Dr. Thornton indicated that in Ohio, under the same circumstances and under the same rules, there have been some exceptions where schools like Murray State petitioned for a hardship increase while indicating for some number of years the institution has remained below several other universities in terms of tuition and in such cases those institutions received an increase

beyond the cap. Dr. Miller believes the University can be more efficient and must do its part to show students it is being as efficient as possible but students should also be asked to help in this effort. Students have not complained to him a great deal and want Murray State to maintain its high quality and about that there is no question. A 5 percent tuition increase would be the right number for Murray State with the understanding it could increase tuition by 3 percent the following year so the entire 3 percent increase could be utilized for employee raises. Faculty and staff need to be rewarded for doing an outstanding job.

Dr. Miller reported that when he has been in Frankfort he has talked about infrastructure needs which must be addressed on all the campuses. These represent state facilities for which funding to maintain those facilities was provided in the past but no longer exists. The state has cut university budgets and is now making the institutions pay for the pension deficit. As a result of the movement in this direction, Murray State lost Ordway Hall and is concerned that 60 percent of buildings on campus are over 50 years old, representing a significant amount of upkeep. These buildings are beginning to show neglect which detracts from the quality of the educational experience. If the University is limited by the CPE with a 3 percent cap (\$2.1 million) the University will have to cut over \$1 million and any additional cuts will involve personnel.

This report was presented for informational purposes only and required no action.

Adjournment

The Finance Committee adjourned at 4 p.m.

Dr. Fister moved that the Quarterly Board of Regents Meeting adjourn. Mr. Williams seconded and there being no further discussion the motion carried. Adjournment was at 4 p.m. on Tuesday, March 11, 2014.

Reconvene

Chair Curris reconvened the Quarterly Board of Regents Meeting at 8:15 a.m. on Wednesday, March 12, 2014, and reported all Board members were present.

Completion of Committee Reports/Recommendations

Institutional Advancement Committee

Susan Guess, Chair
Sharon Green
Jenny Sewell
Jerry Sue Thornton
Harry Lee Waterfield II

Mrs. Guess called the Institutional Advancement Committee to order at 8:15 a.m. and reported all Committee members were present. She expressed appreciation to Mr. Carter and University Communications, indicating they do an excellent job. The report being presented today resulted from a request made at the Board Retreat when discussing the University's brand and marketing efforts, as well as individual expenditures. It is important for the Board to know how this entity represents faculty, staff, alumni and the University as a whole. It is remarkable they perform and achieve at such a high level on a \$107,000 budget. Opinions are valued but it is important for the Board to be provided with data before it makes decisions in terms of marketing. A firm – Stamats – was hired to assess University marketing operations but they were only on campus for one day and spoke to a handful of faculty and staff and no alumni or students, although their work does provide some useful data.

Stamats Marketing Assessment Report, received

Mr. Carter reported the following in regard to the Stamats Marketing Assessment and the University's action steps as part of that assessment and to revisit some initiatives which are underway in the Institutional Advancement (IA) area as it relates to marketing and communications:

- During the Institutional Advancement Retreat staff were challenged to look at the upcoming year to determine whether that entity was foundationally sound in terms of the direction it was proceeding. Due to budget cuts there are limited resources but all wanted to ensure the unit was prepared, ready and working forward in a proactive fashion. All also wanted to ensure Institutional Advancement was ready to “hit the ground running” when a new President takes office.
- Stamats Vice President for Client Services – Eric Sickler – attended the IA Retreat and gave a presentation that was also given at the Stamats Summer Conference on separating the “mission critical from distractions.” This presentation represented a forecast into the future in terms of the demographics of high school students, factors which will affect campuses as they look to succeed, what things are important and what would need to be considered for the University in an effort to continue to refine the brand and determine the kind of distinctive characteristics that would be needed to meet future demand and trends for potential students.
- A 2013 Teens Talk Report was also prepared during the Retreat and provided valuable information on what is now known as the “millennials” or prospective students – what is affecting them and how they are making decisions. This includes how they are looking at universities and those factors impacting and influencing their collegiate choices.
- Four key findings resulting from the one-day Stamats “triage assessment” visit were identified. The first was to clarify goals and align with institutional priorities to focus resources. The consultants indicated this represents an excellent opportunity for IA to work with the Board and the new President on the development and refinement of the institutional Strategic Plan. Since 2006 goals for IA have been driven by the strategic imperatives of building partnerships, creating community and fostering excellence. The University must have marketing data which will help build the Strategic Plan, identify the University’s brand and establish its brand position. Around this work the marketing and communications plan will be developed. In order to have campus buy-in and support there must be data available to support the plan.
- Institutional Advancement continues to participate in many projects as part of a total University concept. IA staff regularly attend Development and Enrollment Management meetings and all are proud of many individuals who came together to make the Grand Opening of the Paducah Regional Campus a success. A tabloid was developed for inclusion in the Paducah Sun and a 30-minute dedicated *RoundaboutU* segment aired on News Channel 6 and has received many positive reviews. IA has been engaged for years with the Office for Enrollment Management on a southern Illinois recruitment strategy and marketing plan. The opportunity for Murray State to be a part of the McCracken County High School Grand Opening represented a once-in-a-lifetime opportunity and several campus groups came together to make that event a success. It is hoped this Fall the merits of this event will be evident through the enrollment of students from McCracken County. IA has been highlighting student scholars – those students arriving in 2014, as well as visiting scholars. In coordination with Alumni Affairs, University Communications and Athletics created a fantastic fan site centered around the Racer tradition.
- The second finding resulting from the Stamats study was to rebrand the marketing operation to build trust and create transparency. Murray State currently has a decentralized marketing model. There are experts in print and publications, web management, social media and digital media. These individuals work on projects such as those just described and provide creative advice. The campus is updated weekly by Catherine Sivills, Assistant Vice President for University Communications, on projects that are in queue, links to stories, updates on all platforms as well as information on upcoming University Communications events and marketing projects. Such projects include collaborative work with regional campus marketing, SACSCOC and the Quality Enhancement Plan Committee in preparing print media and video. IA has most recently been involved with the Residential College Planning Committee helping to develop an engineering and marketing plan. All are proud of the Presidential Search piece developed by IA – the *Presidential Profile*. CASE-KY agreed and presented IA with a Special Merit Award for this publication.
- In terms of action steps for rebranding the marketing operation, a University-wide Marketing Council will be created. All campus units will be represented and various individuals across campus who already have marketing and public relations duties will be included. This will provide an opportunity for these individuals to meet on a regular basis to share information. This will also provide an opportunity for the different departments to undertake “show and tell” of different programs they are working on, providing IA with an understanding of those initiatives from the infancy level.
- Over the past six years a concerted effort has been made to protect the University’s marks, look and brand. Once the University’s brand promise is identified and a closer definition of the University’s brand is developed it will be even more important to protect that brand and a better way to coordinate resources must be identified.
- The third Stamats recommendation was to undertake a marketing survey of prospective undergraduate students and their parents to facilitate data-driven decision making. Results of this survey would reveal the University’s visibility, an accurate opinion on the University’s awareness of its market and what the target market thinks the University’s brand is and what misperceptions might exist. It will also help the institution better understand its competitive position and identity, from their perspective. One point which was consistent throughout the presentation is the University must have a distinctive message. Every university says it has small class size and excellent academic programs but distinctive messages for Murray State must be identified which can be incorporated into

the MSU story and help in identifying the brand. The data resulting from this research would provide such information.

- The fourth Stamats recommendation is to convey a clarified, consistent and compelling brand position. Marketing research would certainly assist with this recommendation in crafting the University's brand portfolio to establish a compelling brand position. It is important for there to be a foundation on which to build collaborative marketing and total campus buy-in.
- Information was provided on the top ten factors high school students identified as being most important. Students are looking at the quality of the major to ensure they will get good jobs as well as other factors. The number one most influential factor students are using to apply to a university is the website. The second is brochures and the college tour and visit remain strong. Parents who visit campus with their student – particularly alumni parents – have indicated the Murray State visit is like no other. It is personal and the fact they can meet with a faculty member while on campus is significant and begins to help them identify with the quality of Murray State. Current students can attest that they feel faculty members are very engaged. Traditional advertising is decreasing in importance among teens.
- Institutional Advancement has been committed to social media for approximately four years and data was provided on those social media sites where students are looking. Besides the website, students continue to utilize Facebook with You Tube being second. Data was provided on the number or mobile devices teens are using but what is most compelling is that 71 percent of teens are looking at university websites on their smart phones. Work continues to improve in terms of how the Murray State website looks on an individual's phone and confirmation was provided that there is already a Murray State app (Racer Mobile).
- IA has had as a budget priority for the past two years the purchase of new content management software. All are pleased that Dr. Miller has committed funding for the purchase this year and the development of a Request for Proposals is currently underway. This software program is essential because data shows 25 percent of students view Murray State through their phone which is lower than national trends but is expected to continue to increase. This will help IA accommodate mobile traffic and for those across campus managing the lion's share of the University's website it will be much easier to update content, add images and improve navigation. Stamats indicated this issue has been recognized for some time but it has been a matter of identifying funding to make the purchase. The top layers of the University's website are managed by two people while the remainder of the website is managed by over 100 web agents across campus. In addition to not having updated content management software, although IA staff members meet with these individuals on a regular basis, this is the time to review those web agents to determine if replacements need to be made. Most of the website is managed by these folks and they must represent a marketing force for the institution. As the new content management software is implemented the individuals maintaining websites must have a marketing sense and focus as they update pages.
- Additional data being utilized to refine marketing efforts includes information from the Teen Talk Survey where 5,600 teens were surveyed regarding their favorite websites visited regularly. The top two include Facebook and You Tube and the top ten most visited websites do not change a great deal and You Tube and Facebook remain in the top three. Dana Howard oversees the social media area and meets three times per semester with those in charge of Facebook and Twitter accounts across campus to share information and talk about cross-promotion. What is most impressive about social media are all of the analytics behind that platform which provides instantaneous information on what is and what is not working. Ms. Howard utilizes this information as she meets with individuals across campus.
- In the spirit of You Tube being a top website and favorite college search source, the University fills up its You Tube channel with digital content. Through the *RoundaboutU* program and all of the things the University does, those packages find their way to the You Tube website. In the spirit of the QEP and experiential learning, Paige Hoffmeister, *RoundaboutU* Co-host, has recently accepted an internship at West Palm Beach Florida which is the third largest television market in the country. *RoundaboutU* is mainly produced by students.
- A picture of what the University's mobile site looks like on a smart phone was provided and offers a connect button which immediately takes viewers to the University's You Tube site where they can see Murray State videos, including Festival of Champions (5,000 views) and a video involving a transfer student coming to Murray State from a larger university (22,000 views). This is compelling and as the University tells its story it must bear in mind that students and prospective students want to utilize You Tube as a search mechanism. Foundationally and across-the-board he feels comfortable IA is ready and prepared from a marketing perspective.
- Mr. Dietz has discussed the possibility of a tuition survey and if there is synergy with IA partnering with Enrollment Management to review tuition and data that should be pursued. The University needs the necessary data to accurately build its brand, know the appropriate channels to reach students and pursue a marketing plan as efficiently and prudently as possible.

Chair Curris indicated reference was made to the University having a decentralized marketing plan and asked if marketing would be more effective if it were more centralized and whether there would be cost savings associated with pursuing such a model. Mr. Carter confirmed that

would be the case and a review of both models has been undertaken and included visits to universities utilizing both models. Centralized marketing is more efficient and controlled and better choices can be made on which channels are utilized. A centralized point from which to make such decisions would definitely benefit the University. From a resource perspective a centralized marketing effort would be more efficient and even with the Marketing Council being formed, in a decentralized environment this will not prevent advertising and marketing choices being made that might not be the best channel to utilize. Moving to a centralized marketing model would be especially desirable as the University identifies its brand and ensures that brand is protected. This way the institution stays on mission and point and identifies the right channels to use to reach target audiences.

In response to a question regarding whether the content management software will improve the ability to manage and navigate the University's website, Tony Powell, Web Manager, indicated the new software will make it easier to make changes and will make the MSU website better. Dr. Fister indicated she would like for her mother to be able to use the website. Mr. Powell reported the current content management system was built in 2008 and since that time many changes and advancements in technology have occurred.

This report was presented for informational purposes only and required no action.

Adjournment

The Institutional Advancement Committee adjourned at 8:42 a.m.

Regional Services Committee

Jenny Sewell, Chair
Constantine Curris
Renee Fister
Sharon Green
Susan Guess
Jeremiah Johnson
Phil Schooley
Stephen Williams

Mrs. Sewell called the Regional Services Committee to order at 8:42 a.m. and reported all Committee members were present.

MSU Regional Campuses Update Report, received

Brian Van Horn, Dean of the Center for Continuing Education and Academic Outreach, reported that the University's four regional campuses are Murray State to the 18-county service region and highlighted the following:

- The individuals who work at the regional campuses are recruiters, advisors, counselors and admission clerks. From almost anywhere within the 18-county service region, one of these regional campus sites is within 30-35 miles. Dr. Carol Aslanian is one of the leading adult researchers in America and this represents her metric. If a University or extended campus site is within 30 to 35 miles students will travel to those locations. If the distance increases beyond this adult students will not travel to those locations. The four regional campuses are very well placed within the University's 18-county service region. The regional campuses serve on the Chamber, Economic Development Board, the P-16 Councils and SACSCOC visited two of the regional campuses. It is not uncommon for SACS to find issues with regional campus sites as opposed to the main campus but all are proud they were actually very complimentary of the way in which Murray State runs its regional campuses in relation to the main campus.
- Every year at each of the four regional campuses there is an on-site admission day – Transfer Day – offered in conjunction with the community colleges. MSU visits the community college in the area, receives applications and waives the \$40 Application Fee as an incentive to attract students on that particular day. This event is held every Fall and Spring semester. Spring visits are currently underway and employees in the Admission Office and the Transfer Center travel to these locations to complete on-site all of the processes required for admission to Murray State. Information on exactly what courses will transfer to the main campus sometimes is not known on-site but this information is returned to the students within one week or less.

- At the Henderson Regional Campus, Transfer Day activity increased by 16 new student applicants from Fall 2012 to Fall 2013 (320 percent). At the Hopkinsville Regional Campus, Transfer Day activity increased by 12 new student applicants from Fall 2012 to Fall 2013 (43 percent).
- Renae Duncan, Associate Provost for Undergraduate Education, has been instrumental in developing the *Thoroughbred Academy*, an innovative dual-credit partnership program of MSU and the Christian and Trigg County public schools. More than 50 juniors and seniors from three high schools attend dual credit classes at the Hopkinsville campus each Wednesday. Students who complete the entire *Thoroughbred Academy* during their junior and senior years will graduate high school with 24 hours of Murray State general education credit. It is hoped this will help increase the University's brand awareness with these students and Murray State will be their university of choice at the time of graduation. Confirmation was provided that students travel to the regional campus site via a bus provided by their school district but MSU provides lunch while they are on campus. Clarification was also provided that these represent applicants – students who fill out the application – but have not necessarily started with Murray State. Once students enter the admitted stages they are moved over in definition. Generally the more applications the University receives, the greater the actual enrollment.
- At the Madisonville Regional Campus, Transfer Day activity increased by 55 new student applicants from Fall 2012 to Fall 2013 (8 percent). This represents only one day in which applications are accepted and confirmation was provided that applications are continuously received at all four extended campus locations.
- During Homecoming a meeting occurred with Regent Thornton and alumnus Dr. Walter Bumphus which led to the development of an Early Admissions Program targeting Madisonville Community College students with fewer than 30 academic hours. This new program already has 17 students who have taken advantage of this opportunity through “word-of-mouth” advertising. An effort is being made to have these students decide earlier about what their next step will be toward higher education. This represents a pilot project and is being undertaken with the assistance of President Judy Rhoads in Madisonville with the hope of also offering the program at other regional campus sites.
- Many Regents attended the Open House and Dedication of the Paducah Regional Campus in January 2014. The University has had a very positive experience with the new facility and has experienced no major problems. A great deal of interest is being shown in the building and many people are coming in requesting to use rooms in the facility. The goal is to be regional friendly so people become aware of other initiatives being offered by Murray State.
- Transfer Day activity increased by 6 new student applicants from Fall 2012 to Fall 2013 (13 percent). A 29 percent increase in enrollment at the Paducah Regional Campus has also occurred for this Spring semester. Media coverage of the opening of the regional campus and the prominent location of the building on Interstate 24 have assisted in producing this increase. The previous location typically experienced three walk-ins per week. In one week at the new location there were approximately 20 walk-ins with individuals coming by and deciding they wanted to see the campus – location, location, location. Dr. Van Horn indicated the actual enrollment numbers for each of the regional campus sites was not included in the report because the numbers are unofficial at this point. A report on actual enrollment numbers, once available, will be provided to the Board.
- Enrollment increases did not occur at a majority of the regional campus sites. A decrease in enrollment occurred in Madisonville but a possible reason could be that the University offers many cohort programs at the regional campus sites and last year graduated out some of those cohorts. When cohort programs are completed and cycle to a different campus an ebb and flow situation will be created in terms of enrollment. The University completed two cohort programs in Madisonville last year.
- Confirmation was provided that MSU refers to most of its programs at the regional campus sites as 2+2 programs because the presumption is students are completing the associate degree at the community college and when they come to Murray State – referred to as a block transfer – the University does not look at every single course students have taken. Instead, their associate degree counts for the core requirements at Murray State. This is possible at the four regional campus locations but the new Early Admission Program gets students committed to Murray State prior to earning 30 college hours and provides additional incentives for them to participate in the program.

This report was presented for informational purposes only and required no action.

MSU Transfer Center Update Report, received

Maria Rosa, Transfer Center Director, reported the following with regard to initiatives underway to increase transfer numbers:

- It is currently known that the University is facing difficult obstacles in terms of the recruitment of transfer students. One main obstacle includes a recent decrease of almost 15 percent in Kentucky Community and Technical College System (KCTCS) enrolled students. Since 2012 there has been a 14.7 percent decrease (16,000 students) in KCTCS enrollment. This decreases the University prospective student pool significantly. It is known the University must reach these students in a different way to get a bigger piece of the pie since the pie is getting smaller. Another obstacle is that the University's competitors are offering more and more scholarship dollars to transfer students.

MSU currently offers a scholarship award for transfer students but unfortunately, as can be seen from the charts provided, ranks last in the state among its competitors in terms of the percentage of dollars going toward tuition at respective institutions.

- The good news is the University has two alumni who are experts in this area – Dr. Jerry Sue Thornton and Dr. Walter Bumphus. Recently both were gracious with their time to talk through some things the University is currently doing but also offer advice and ideas on new initiatives that could be followed. The additional ideas, plans of action and strategies suggested by Drs. Thornton and Bumphus were provided in the eBoard books and include collaboration with the leadership of the KCTCS institutions in Murray State’s service area to provide an opportunity to partner with these entities even more than before. An example of this collaboration might include working with staff at the *Community College Times* to jointly publish an article with each of the University’s main feeder KCTCS colleges. The article would highlight the success story of a student who began their education at KCTCS and graduated from Murray State.
- Another example may be reporting to KCTCS leadership the areas in which MSU is aligning their strategies with the *Twenty First Century Commission’s Report for the Future of Community Colleges* to illustrate MSU’s dedication toward working closely with KCTCS. This would also demonstrate the University’s continued efforts to create a seamless and successful experience for transfer students. Another initiative Registrar Tracy Roberts is pursuing is the development of a program that would establish a policy agreement for a reverse transfer program. Students who begin at the community college and for whatever reason find themselves in a position to transfer to Murray State prior to completion of the associate degree at the community college will have an avenue to transfer to ensure, where possible, they complete the associate degree and can transfer those courses from Murray State back to the community college and retroactively earn their degree from the community college. This represents a great win for the community colleges and all are very grateful for the idea. Work is moving forward to establish this program hopefully later this Spring. Chair Curris indicated this would certainly improve completion rates for the community colleges as well as benefit Murray State. Dr. Van Horn indicated the University does see the community colleges as partners for increasing the institution’s success. The completion rate at the community colleges is important because it is detrimental for those students not to complete the associate degree before entering Murray State. This allows an option for those students who choose to come to campus a semester early to transfer back their hours and increase completion rates. All agree this represents a win-win situation.
- As was mentioned earlier, a joint early admission pilot project is being developed with Madisonville Community College. This allows the University to capture those students earlier in their college career. Some students begin their college careers at the community college and this represents a big step for them but they are unable to think past that to a four-year degree. If MSU can capture these students earlier it can perhaps get them in the correct frame of mind that they can complete a four-year degree. These students are advised earlier in the process which means they transfer to Murray State with the most efficient set of courses possible to achieve a bachelor’s degree. This makes the University’s credit-to-degree graduation numbers much better. The fewer courses these students take at the community college that might be unnecessary for their bachelor’s degree also makes the institution’s credits-to-degree that much better. This also helps keep students on track so they do not get burnt out and instead of completing two years they are already on track to complete a four-year degree.
- The University is now asking the community colleges for their proposed May graduation list and most are willing to provide that information. These represent students who have applied for their associate degree to graduate in May from the community college. MSU would like to reach out to these students to indicate they are conditionally admitted to Murray State. Students will be required to complete the regular admission process but an attempt is being made to capture these students to let them know they have completed the associate degree and already have the grade point average and credit hour requirements to enroll at Murray State and there should be no reason why they cannot be officially admitted to MSU.
- Community college students represent the University’s main feeder point and have a natural progression to Murray State to complete a bachelor’s degree. An effort is being made to make this process as seamless as possible for these students to allow them to finish a degree at Murray State.
- Confirmation was provided that the University has been working with Mid-Continent students expressing a desire to transfer – as it does with any student transferring from another institution. Agreement was reached that Murray State does not want to appear too aggressive in this area and is not soliciting Mid-Continent students. Dr. Van Horn confirmed the majority of students enrolled at that institution are not necessarily from Murray State’s territory.
- Information was provided to the Board illustrating the relationship between scholarship dollars Murray State is providing to transfer students. The institution does very well in terms of the number of transfer students in relation to total enrollment. Murray State has a significantly higher percentage of transfer students than some sister institutions, although scholarship dollars available for these students are much lower.

Mr. Schooley indicated Ms. Rosa, Dr. Van Horn and the entire department have all done and continue to do an excellent job in this area. Dr. Miller echoed that sentiment and reported

discussions have occurred regarding tuition at other schools and while Murray State does not offer as many scholarships as some other institutions, tuition is significantly less per year and all must ensure potential students know that as well. In response to a question regarding whether work is underway to recruit Illinois community college students, Ms. Rosa confirmed that to be the case and work occurs primarily with Southeastern Illinois Community College, John A. Logan and Shawnee Community College in an attempt to utilize resources closer to home. Work is underway to highlight programs and an attempt is being made to get into classes at these locations by sending Deans and faculty to make a connection with students. Articulation agreements are being developed for former 2+2 programs, or as they are transitioning to, degree pathways.

This report was presented for informational purposes only and required no action.

Adjournment

The Regional Services Committee adjourned at 9:07 a.m.

Minutes of the Quarterly Board of Regents Meeting and Committee Meetings on December 6, 2013, approved

Mr. Williams moved that the minutes of the Quarterly Board of Regents Meeting and Committee Meetings on December 6, 2013, be approved as submitted. Mrs. Guess seconded and there being no further discussion the motion carried unanimously.

Reports of the Constituency Regents, received

Faculty Regent

Dr. Fister reported the following:

- In regard to faculty service, 91 percent of faculty provide students with career/professional school advising; 79 percent serve as mentors for a club or student organization and the average number of committees per person (departmental, college and university) is 5.55.
- Appreciation was expressed to faculty for their willingness to complete an institutional service survey resulting in a 47 percent response rate. Appreciation was expressed to the Center for Teaching, Learning and Technology for helping format the survey. Institutional service refers to the number of hours per week faculty dedicate to activities outside the course of their regular job duties. MSU faculty average 10.21 hours per week in institutional service, which speaks for what the faculty does for the community, as well as taking care of extracurricular projects in K-12 service (25.82 hours per semester). This illustrates that the faculty take their job to heart in not only helping students within the classroom but through various other service aspects.
- Administrative evaluations were to be completed the first week of March 2014 but due to the weather event will now be completed this Friday.
- An Assessment Survey will be administered this Spring and a *Pay Raise Ad Hoc Committee* is developing an action plan that connects to the *Faculty Handbook, Section 2.16*. All were encouraged to review this action plan and copies are available. There is a commitment from the Faculty Senate to every year provide the Board with a document which contains suggestions and an attempt is being made to include this as part of the action plan.
- A letter to state legislators was distributed concerning issues negatively impacting Murray State. The letter was prepared by the Faculty Senate Executive Committee during the week of February 24. Appreciation was expressed to Faculty Senate Vice President Rory Goggins, Dr. Jackson, Ms. Hunt and the President's Office for assistance with distributing the letter to legislators. This represented a one-page letter with three bullet points highlighting what faculty ask legislators not to do regarding the 2.5 percent rescission, capital projects and KERS. Faculty are trying to support all in an effort to make a difference.
- Kentucky Teacher of the Year Holly Bloodworth spoke as part of the *Adventures Seminar* on February 6, 2014, and appreciation was expressed to Dave Whaley, Dean of the College of Education, for helping to bring this to fruition.
- Sandy Miles, Professor of Management, Marketing and Business Administration, has been certified as an *Academic Fellow* through the Chartered Institute of Personnel and Development in London, England. This represents an international group and having an individual of this caliber on campus is fantastic.
- Michael Kalinski, Chair of Applied Health Sciences, received an international award from the Physiological Society for India for significant contribution in the field of physiological sciences.
- Bob Long, Visiting Distinguished Professor of Nonprofit Leadership, has been selected to serve on the Editorial Board for the *Journal of Nonprofit Education and Leadership*.

- James Gant, Director for the Center for Telecommunications Systems Management, had a book published – *Collaboration Systems: Concept, Value and Use*.
- Twenty-eight students, involving twenty faculty members, presented their research at Kentucky *Posters-at-the-Capitol* on February 27, 2014. Four students were involved with Dr. Fister in some way and she is very proud of that. Research thrives at Murray State and students are going out and “doing the job” with faculty input.
- The MSU Chapter of Sigma Xi, the national scientific research society, received a Sigma Xi Chamber of Excellence Award for 2013. This award is bestowed on fewer than 3 percent of chapters nationwide.
- Many thanks go to the faculty and staff for countless hours spent readying campus for the start of the Spring Semester which included the power outage and the potential power outage. Appreciation was expressed to Mr. Oatman for his leadership during this time. Numerous faculty, staff and students also participated in the *MLK Day of Service* which was very much appreciated. Faculty remain involved with staff, students and the administration.

Staff Regent

Mr. Schooley reported the following:

- Since the last Board meeting the results of the Staff Perspective Survey have been received. This year 524 out of 1,007 employees completed the survey (52 percent participation rate). Since 2009 when the survey was made available for completion online there has been over 50 percent participation. Of those taking the survey, 84.5 percent feel good about the direction Murray State is going with regard to its mission and goals and 87.1 percent feel MSU does its best to provide job security for employees. The full report will be presented to the Board at the next meeting with assistance from Staff Congress President John Young.
- Approximately 300 individuals attended the Staff Holiday Reception on December 12, 2013, and about 225 attended the Children’s Christmas Party on December 14. Appreciation was expressed to members of the Staff Special Events Committee which did an excellent job coordinating these two events. Members include: Shanna Burgess (Chair), Marion Hale, Dana Howard, Sheri Riddle, Debbie Griffin, Stephanie Totty, Dwaine Willoughby, Lisa Winchester and Ashley Rogers. Photographs were provided of the various activities, including coloring and balloon making. Following the event thank you notes were sent to all involved in the event.
- Nominations for the *Staff Excellence Award* are now available online.
- Appreciation was expressed to 15 staff members who participated in the campus presidential interviews and to Roslyn White, Associate Director/Coordinator for African American Recruitment, who served as the staff representative on the Presidential Search Committee.
- Staff Congress elections candidacy forms will be received between March 24-April 7 and elections take place April 22-24 (online voting).

Student Regent

Mr. Johnson reported the following:

- The Student Government Association conducted an assessment of each aspect of Student Affairs and prepared a summary in terms of the number of student interactions. The Vice President for Student Affairs main office holds weekly meetings with the four student body governing groups and met with over 250 students from July 1, 2013, to the present. The office processed over 602 housing exemptions, although obviously all were not approved, and staff visited hospitals on multiple occasions to support students and handled numerous late-night calls regarding student illnesses.
- The Office for Undergraduate Admissions handles Summer Orientation, *Racer Days* and travels to local schools (in conjunction with the Recruitment Office) and had over 13,000 interactions with students or potential students.
- The *Adventures in Math and Science* and Upward Bound programs recruit low-income, first-generation students through numerous local high schools and work with the Nonprofit Connections Fair (partnering with Discovery Park of America in Union City) to provide current students with additional opportunities for education (over 1,000 student interactions).
- Through the Experience/Racer Tracks Student Job Website, Career Services provides the opportunity for students to upload their resume. Potential employers have access to the system and can identify individuals to interview. Students can also apply for positions through this system. Other programs include the Briggs & Stratton Work Study Program, National Student Exchange and various career fairs (over 28,000 student interactions).
- The Counseling and Testing Center does everything from counseling sessions to testing. The office mainly undertakes standardized test demonstration for the many different majors across campus (over 6,000 student interactions).
- The Curris Center provides meeting space for students and over 218,000 individuals have utilized this facility since July 1 of last year. That number is already higher than the total for the previous year which illustrates the student population is quickly outgrowing the facility.

- Dining Services and Racer Hospitality covers everything from flex meal plans for students to the various cookouts at the residential colleges to meals provided at Summer Orientation and Family Weekend (over 877,000 meals served). This does not include the work these entities do outside of the listed events and does not factor in students using credit cards or cash because there is no way to determine whether those persons are faculty, staff or students. The number presented also does not reflect faculty and staff usage.
- The Student Financial Aid Office works numerous recruitment events and travels to high schools to help future students learn how to complete different forms so they can get the most out of their financial aid for college (over 61,000 interactions with students, potential students and parents).
- In terms of Greek Life, several members every year attend professional leadership conferences and various programs are offered, including new member education forums on the prevention of hazing, underage drinking, promotion of inclusion and leadership among all Greek members, the campus-wide *Step Show* at Homecoming and *Greek Week* which includes speakers on Greek leadership and success (over 6,000 student and potential student interactions).
- Health Services provides blood glucose tests, blood counts, flu vaccines and various health programs. This unit has previously partnered with SGA to promote alcohol awareness as well as other topics (over 19,000 student interactions). This number does not include faculty and staff who also utilize the facility.
- The Housing Office conducts various student awareness programs and Residential Advisors provide different programming opportunities for students and work Summer Orientation and *Racer Days* (over 21,000 student interactions).
- LGBT programming offers different leadership retreats and *Safe Zone* training (where faculty and staff are trained for their office to be a “safe zone” for students). The *Safe Zone* allows those students to know they have somewhere to go to talk to someone. LGBT produces two drag shows per year – one in the Fall and one in the Spring – and has participated in various statewide housing forums and held different conversations and dessert receptions promoting the awareness of HIV and AIDS (over 1,000 student interactions).
- The Office for Multicultural Affairs coordinates the *Emerging Scholars Institute*, Hitimu Graduation Celebration, *MLK Day of Service* and the “A Taste of Africa Program.” SGA partnered with the office to show *Twelve Years a Slave* and the Curris Center Theatre was standing room only. This presented a great opportunity for students to have a discussion about the history of this country and to learn and grow. This office has had over 3,000 student interactions.
- The campus Post Office allows student organizations and students to receive packages and coordinates the majority of campus mailings (over 500 students per day utilize these services).
- The Office for Undergraduate Recruitment helps offer ACT exams, campus tours, regional college fairs, *Racer Days*, minority leadership conferences, Summer Orientations, *Racer Abroad 101* and *Racers Serve*, in addition to other programs to help improve students (over 6,000 student and potential student interactions).
- Each residential college has an associated faculty member who offers a class in that particular college. Classes range in topic from criminal justice to “powder puff mechanics” which shows students basic mechanic skills such as how to winterize their vehicle. The residential colleges participate in intramural sports and offer college dinners with faculty and staff to promote an atmosphere which will assist with retention and provide various programming opportunities (over 7,000 student interactions).
- The Retention Office holds student meetings concerning anything from academic performance and success to different health concerns to financial issues. The office assists in planning Family Weekend, *Great Beginnings*, First-Year Leader training and assisting with the Guidance 251 class (over 17,000 student interactions).
- The Scholarship Office awards scholarships and works with students throughout the entire application process (over 13,000 student interactions).
- Student Disability Services provides note takers, interpreters, housing accommodations and different technologies for students to be successful in college (over 3,000 student interactions).
- The Student Government Association offers everything from working with legislative issues in Frankfort to different activities such as partnering with the President’s Office to bring Bill Nye to campus for the Presidential Lecture. The Residential College Association coordinates different events for residential college students. The Judicial Board mainly handles parking appeals for tickets. In Fall 2013 there were over 925 appeals and approximately five were granted. These entities have had over 4,000 student interactions to date.
- Student Support Services offers the Debate Club, college budgeting, banking basics and stress management (971 student interactions).
- The University Store conducts a VIP Book Pre-Package Party for the Fall and Spring semesters (over 2,000 verified student interactions).
- Approximately 356,000 individuals utilize the Wellness Center per year and the facility offers a number of sports activities including the pool, Zumba, line dancing and cycling classes (over 37,000 student interactions). A variety of different sports are offered for a total of over 393,000 interactions with students, faculty, staff and community members.

- The Women's Center offers various campus programming, including *Realities on Campus*, suicide awareness, body image control, alcohol education and *Take Back the Night* (2,300 student interactions).
- Total student interactions from July 1, 2013, through February 28, 2014, number over 800,000.
- On February 3, 2014, Bill Nye "The Science Guy" presented the Presidential Lecture and although the weather was terrible over 3,000 students, community members and faculty and staff attended. The event was phenomenal and all had fun. Various tweets regarding the event were provided and it is evident people were excited about the event because the speaker represented someone the students wanted to see. Bill Nye tweeted the University which provided invaluable national publicity for the University.
- Efforts are underway in terms of the *Challenge for Change* and a competition was held from January 11 to February 7 between Murray State, Morehead and Eastern Kentucky to determine which university logged the most volunteer hours for their community. Eastern did not log any student volunteer hours, Morehead logged 3,800 hours and Murray State logged over 13,000 combined hours from various initiatives. Over \$21,000 was raised in one month and Mr. Johnson showed the trophy Murray State received.
- Using the metrics Secretary of State Allison Grimes released last year in the Civic Engagement Report, the University saved the Commonwealth of Kentucky over \$200,000 which represented money the state would have to pay employees to work these events. This illustrates the regional impact of faculty, staff and students.
- Appreciation was expressed to Regents Schooley and Fister for their participation in *MLK Day*.

Report of the Treasurer, accepted

Ms. Dudley reported the following with regard to the Quarterly Financial and Investment Reports:

- The financial statements as of December 31, 2013, were presented and now that the University is a few months into the Spring semester additional final data is available. In December all Spring semester tuition revenue had not been collected and all discounts had not been "booked."
- The University budgeted net tuition and fees of \$68.9 million and as of December was at \$68.5 million. January month-end data includes revenue from Summer II, Fall and Spring (approximately \$1.1 million). At the meeting yesterday it was estimated the University would have an excess of approximately \$500,000. It is being projected for Summer I that the University will not meet budget (approximately \$200,000 short) but there is always a struggle in terms of meeting budget for Summer I. Also being projected is a shortfall of approximately \$200,000 in meeting budget for mandatory fees. Enrollment impacts mandatory fees more so than it does tuition. Even though there is a student mix where out-of-state students pay more and help increase tuition revenue, mandatory fees represent a fixed amount, which means the student mix does not have the same impact on mandatory fee revenue. Every student pays \$41 per credit hour (current mandatory fee rate) and this does not vary between in-state and out-of-state students. Chair Curris indicated a \$200,000 shortfall for Summer I is being projected from what was budgeted and the comment was made that the University always struggles with Summer I. He asked why the University continues to project \$200,000 and Ms. Dudley reported that historically the budget has been increased according to tuition rate and enrollment increases. An effort is now being made to look more closely at enrollment management in terms of how the University budgets with a goal of undertaking this review to more accurately budget each semester based on actual enrollment. This has not historically been the approach utilized for in-state, out-of-state and graduate students. Instead, a base amount has been increased by the University's rates. The \$1.1 million in revenue projected for the end of the Spring semester, taking into consideration the Summer I shortfall in mandatory fees, is reduced to an approximate \$500,000 to \$600,000 gain projected for year end.
- Total discounts are \$36.1 million as of December 31, which means the University is budgeting a discount rate of 34.4 percent. As of January the University has reached 34.8 percent and is on target in terms of discounts. In June 2011 the University's discount rate was 28.4 percent which shows as tuition rates increase a larger portion of the budget is being consumed for discounts.
- The difference between discounts and discounts refunded to students is that discounts are actually applied to student accounts and go toward tuition and fees but is not actually refunded to the student. Non-tuition discounts (\$2.8 million) represent housing and dining fees typically provided to Presidential Scholars and athletes which are covered from tuition and fees. Discounts refunded to students represent discounts actually refunded to a student. Many scholarships are refundable but athletes receive permission to live off-campus – as do other students – and some scholarship dollars are applied to study abroad programs. Reference to discounts refunded to students could represent a combination of paying a scholarship to a third-party or an in lieu check which actually pays out a scholarship. Those three numbers make up the University's total discounts. The University is required to divide the numbers out this way for financial reporting purposes and in the budget the Board is accustomed to seeing one number (\$36 million). Financial reporting requires they be broken out and all three numbers are now included on the financial statements.

- Dr. Miller asked if the University reduces tuition rates whether discounts would be less and Ms. Dudley confirmed that to be the case. Many discounts are tied to tuition increases but some discounts represent flat amounts and some are new programs. If the University reduced tuition rates that would have an effect on discounts. The University currently has 20 different tuition rates but review is underway to possibly consolidate those rates to reduce the number of different rates so the University would be able to more accurately reflect budget and eliminate the need to track so many different discounts. Confirmation was provided that the study being conducted includes the issue of discounts and regional discounts comprise the largest portion of discounts and are included in the figures provided.
- The Educational and General Schedule provided represents the University's operating dollars and includes tuition and operating expenses. The University is currently \$40.5 million ahead (half way through the year) and last year at this point was at \$39.5 million (approximately \$1 million better than last year). It is hoped that for the second half of the year things will proceed as is customary and the University will be \$1 million ahead at the end of the year.
- Total expenses this year are \$64.9 million (\$63.3 million last year). The \$1.6 million difference is approximately half the year salaries, wages and fringe benefits attributable to the base pay increase employees received last year. Expenditures are being contained within budget and the fluctuation is due primarily to the increase in salaries, wages and fringe benefits.
- The University has experienced a huge flux in transfers due in part to approximately \$700,000 in private money being transferred to the Paducah Center for furniture and fixtures (donor funds). These funds were received in a prior year and represent a reserve amount being transferred to the Paducah project.
- In response to a question regarding whether student aid (\$4.9 million) decreases comparable to enrollment, Ms. Dudley indicated an accounting industry formula must be utilized by all schools. It is not necessarily indicative of a decrease in student aid which is why the total \$30 million figure is considered. It is difficult to seek consistency in terms of this number due to the formula which must be utilized. Confirmation was provided that this formula is consistently applied each year and is utilized by all schools reporting in this format.
- In terms of the performance of auxiliaries through December 31, the net change in fund balance is \$13.2 million and last year at this time was \$12.1 million. Auxiliaries are approximately \$1 million better off than at this point last year. This is primarily attributable to the increase in tuition rates due to the Hester Hall debt. The University is on a target of increasing housing rates 4 percent per year to cover debt obligations, has not made all debt obligations for Hester Hall and will not start paying the principle until next year when the facility is completed. This year the University will experience a little bit of bump but next year the full amount will be used for the debt payment.
- The University earned \$267,596 from the State Investment Pool as of December 31 and this does not represent a significant amount of money but is the funding source for CERR.
- The investment rate for University endowment funds is 3.83 percent (Foundation investments) and indicates the Foundation is paying the University very well for endowment funds the University has retained with that entity (over \$20 million). The investment rate is higher than last year (3.21 percent) and the University is ahead in terms of endowments. These represent realized earnings and do not include a market adjustment. Investment returns are consistent with last year but additional growth is not expected for the remainder of the year.
- In response to a question regarding the Statement of Net Position (Unaudited) and the inclusion of prior year carryovers of \$19.5 million and whether those represent unrestricted reserves, Ms. Dudley confirmed that to be the case and represents departmental balances from appropriated tuition and fees, a large portion of web revenue which is shared with the departments as well as some self-supporting units such as English-as-a-Second-Language and training programs. In response to a question regarding whether all funds are distributed as opposed to being held centrally, Ms. Dudley indicated the \$19.5 million is distributed to the Vice Presidents to distribute as priorities require. Currently \$7.9 million is being held back for possible contingencies given the state appropriation situation. An observation was made that working capital is centrally held and Ms. Dudley reported this figure is comprised of the University's receivables and inventory and represent unrestricted funds that are set aside but it is hoped they will not materialize to the degree presented.
- An explanation of the reserve for revenue contingency and the reserves for general contingency was requested and Ms. Dudley indicated the reserve for revenue contingency represents 5 percent of the University's appropriation which has been determined over the years to be the percentage to be set aside for revenue contingency (representing unrestricted funds). The reserve for general contingency represents the balance of the University's net assets. Net assets are \$99.3 million and the other numbers have been set as designations and are not restrictions. Carryovers, self-insurance and working capital are a designated amount and what the University considers to be its general contingency is simply that balance. It represents unrestricted net assets which have not been designated.
- In response to a question regarding why reserves for self-insurance would be lower, Ms. Dudley indicated the University has historically allocated \$900,000 for this purpose based upon the auditor's recommendation. Over the last few years that reserve is what is considered to be the University's "lag" – how long it takes for claims to be paid – and has been shortening due to technology now available which means the amount that must be held in reserve is smaller. Discussions occurred with

the University's auditors last year and a determination made that the University needs to start reducing this amount to more accurately reflect the appropriate reserve amount. Current "lag" time is only about one month and historically has been at least a couple of months, with claims being between \$500,000 and \$600,000 per month. For this year, although the institution has experienced a large increase in claims including \$1 million in claims a couple of months ago representing the highest claim amount, the claim amount this past month was \$500,000.

Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, accept the quarterly unaudited Financial and Investment Reports for the period of July 1, 2013, through December 31, 2013, as presented. Mrs. Sewell seconded and there being no further discussion the motion carried unanimously.

(See Attachment #1)

Closed Session

Chair Curris announced the Board would take a short break prior to Closed Session.

Mr. Williams moved that the Board of Regents go into Closed Session pursuant to KRS 61.810 (1)(f) to discuss matters which might lead to the appointment of an employee. Mr. Waterfield seconded and there being no further discussion the motion carried unanimously. Closed Session began at 9:53 a.m.

Open Session

Mr. Williams moved that the Board of Regents reconvene in Open Session. Mrs. Guess seconded and there being no further discussion the motion carried unanimously. The Quarterly Board of Regents Meeting reconvened at 10:42 a.m.

Chair Curris reported the Board met in accordance with the reason provided for going into Closed Session to discuss a personnel matter which might lead to the appointment of an employee and, while no action was taken during Closed Session, the Board expects to take action on that item at approximately 12 noon or shortly thereafter.

Report of the President

Dr. Miller reported that since the last Board meeting the Economic Development Conference was held on campus and Regent Sewell summarized the conference very well for the Board. This represented a good first effort at economic development for Murray State and he hopes the University can continue similar initiatives. Along the same lines, as the Board is aware, he has been pushing job placement initiatives for MSU graduates. It is important for the University to help place students. A website has been established and includes all internal position openings on campus. Discussions have taken place with outside businesses and open positions at those companies will also be listed on the same website so students can visit the website to determine job opportunities available in the area. Today the University is hosting the Job Fair with 126 companies on campus to interview students. This also represents a record number of participant companies. Mr. Waterfield requested that a list of those companies participating in the Job Fair be provided to the Board and Dr. Robertson agreed to prepare the requested list. Appreciation was expressed to the following:

- Kim Oatman, Chief Facilities Officer, and his crews for their performance during the many extraordinary weather events in the region, the housing and dining crews in Dr. Robertson's area and to WKMS because all did a wonderful job when TVA cut off power to the University. The University was shut down for three days due to weather which is unheard of for Murray State. The MSU campus was in better shape than the city and the county as far as streets and sidewalks. Students were still able to go to the Wellness Center and the Library during this period.
- Dr. Morgan who was in charge of the SACSCOC reaccreditation visit. He did a super job and had a plan in place to address any situation while the visitation team was on campus. He also had many staff members who put in a lot of hours and Murray State really made a good impression. He has also been integrally involved with the Paducah campus and how the University will reach its goal of 2,000 students at that extended campus site.
- Ms. Dudley who has worked countless hours related to the budget. Every Vice President goes to her when they are asked to identify budget cuts to determine where the University stands financially. She has a rich and historical background of Murray State finances and can provide the answers needed.

- Dr. Jackson for his excellent work on campus and in Frankfort. He knows everyone in Frankfort and has served as a legislator and is well respected in that part of the state. Dr. Miller could not have gotten along without him because he did not know all the legislators when he took office as Interim President. He certainly knows them now thanks to Dr. Jackson. He is a person who cares about the University and wants what is best for Murray State. Dr. Miller is very pleased with what he has done over a long period of time.
- Another person he wants to mention who has been amazing and – besides Patsy – is the best boss he has ever had and that is Jill Hunt who has taken on a lot of additional duties over the past year. As all know, she had a Chief of Staff to work with but when he took office she no longer had that individual but has instead taken on a lot of additional duties. She is a great spokesman – and all know this because they have to go through her to get to him – and she has just done a terrific job. The University is lucky to have her and the new President will be lucky to have her as well.
- Local Regents – Renee, Phil and Jeremiah – were applauded for their efforts. Dr. Miller indicated the University will never have another Student Regent like Jeremiah who is involved and always looking out for Murray State students. He has done a terrific job and represents Murray State well. The same holds true for Renee in terms of faculty and while he kids her about questions, asking those questions is what makes a good Regent. Regents are held responsible for the University and must receive answers to their questions. He hopes she does not slow down with the new President. Phil does a great job representing staff and he appreciates what he does for his constituency body.

At the next meeting Dr. Miller will present the Board with a budget proposal. By then it should be known what the Legislature has done, what projects the University will receive and what tuition rate limitations will be. He will present a budget for 2014-15, but will also go out a bit further into 2015-16 to let the Board know the CPE will set university tuition rates for the next two years for planning purposes. Whatever the University's tuition increase is for the second year the administration should plan to give the bulk of that tuition increase in merit raises to faculty and staff who have not received any merit pay. If the administration can begin planning where faculty and staff know a certain dollar amount is going to be set aside for compensation and they know the rules – how they are graded and how they get paid – that will be important. The administration must be open and transparent and he has said that forever. The Board sees a contract for employment but they do not see the total amount of compensation for an employee at the end of the year. The University pays approximately \$1.4 million in extra compensation to various individuals but that does not appear anywhere and it is his belief these payments need to be accounted for. When it is indicated employees are underpaid it must be known what they are actually paid. He will present a proposal to the Board showing employee base salaries and any additional pay so total compensation is known at the end of the year for the purpose of openness and transparency. The administration has this obligation to the Board, especially, but also to the taxpayers of Kentucky and the parents of Murray State students. All must know the kind of steward the University is of public funds and how those are being used. He wants the University to be the best it can be operationally and in terms of efficiency.

Gift-in-Kind – University Communications, accepted

Dr. Miller reported that this paper is used to print the *Blue and Gold Magazine* and has been donated to the University for many years, helping the institution save a great deal of money, and all are very appreciative of this gift-in-kind. Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, accept the donation of the 23,340 lbs. of Vision 70 lb. and Anthem Plus 70 lb. paper valued at \$13,655 which was donated by NewPage Corporation of Wickliffe, Kentucky. Mrs. Buchanon seconded and there being no further discussion the motion carried unanimously.

Policy Changes

Murray State University Board of Regents Delegation of Authority, adopted with amendment

Chair Curris reported the *Murray State University Board of Regents Delegation of Authority* document has been distributed to the Board. The Board has attempted to prepare a document which makes clear its responsibilities and those responsibilities the Board delegates to the President of the University. This does not represent a document etched in stone and experience may dictate the document may need to be modified. It is important that the new President understands fully what the Board expects and reserves to handle itself as part of its fiduciary responsibility. As new Regents come on board it is important they have a clear understanding of those things the Board will deal with and those issues which are beyond the Board's purview. A large part of this document is incorporated into a series of bylaws and regulations but those are

not readily accessible to most individuals. Consequently, the Board hopes to adopt a document which can be clearly understood by the entire University community. There are specific policies the Board will honor and it is not eliminating any current policies. The Board's experience under this document – if adopted – may be such that in three months, six months or three years modifications may need to be made. Chair Curris indicated he would welcome a motion to adopt the *Murray State University Board of Regents Delegation of Authority* and the floor would then be opened for discussion.

Dr. Thornton moved that the Board of Regents, upon the recommendation of the Chair of the Board, adopt the attached document entitled *Murray State University Board of Regents Delegation of Authority*. Mr. Waterfield seconded and discussion followed.

Dr. Fister indicated with regard to Item #9 – establish the compensation/benefits for the President and approve the appointments of and compensation/benefits for vice presidents and academic deans – that there are levels in between an academic dean and a vice president. Since the University is facing budget cuts she would like the Board's opinion on whether it needs to evaluate such positions. She does not want people being put into these positions when the University is facing potential cuts of 19 positions over the course of the next year and she would like the Board to have some oversight in this regard. Dr. Thornton stated that proceeding in this fashion would be unusual. The Board sets compensation and benefits for the President and typically delegates responsibility to the President for all other employees. She thinks for the Board to take on this responsibility would be unusual. Chair Curris indicated he and Dr. Fister have talked about this concern and he agrees with Dr. Thornton's assessment that this probably should not be incorporated into the document. It represents a responsibility which should rest with the President. He believes the concern – and it is a genuine point which to some degree President Miller addressed in his previous comments – is that when the budget is approved the positions are there and salaries are provided. The concern is that after the budget is approved there have been, on occasion, additional positions created or salary changes of some significance made. These could very well be justified but when looked at in toto – particularly in difficult financial years – it represents a considerable size of money and is essentially not what the Board approved when it adopted the budget. A mechanism needs to be in place to ensure there is administrative oversight, and possibly even reporting to the Board, when major budget modifications are made. The Board does not want to curb the ability of the institutional leadership to make critical decisions and the administration should not have to wait three months until this Board meets to approve such decisions. What is being discussed is a perception of the abuse of this privilege which can deteriorate relationships. He appreciates Dr. Fister's comments and when the President presents the budget document this issue may need to be addressed through established practice. Dr. Fister confirmed Chair Curris is accurately reflecting her concerns. Dr. Thornton indicated at some point the Board would be asked to approve the appointment of Vice Presidents and Academic Deans (which would include compensation and benefits) and would be able to provide input at that point. Chair Curris indicated positions just below that level – such as an Associate Vice President are the point of concern. Dr. Fister stated she is also referring to Director positions because sometimes on the organizational chart it appears as though those positions are higher than the Dean positions.

Mr. Williams indicated such positions would be included in the annual budget and the real issue is any positions which might be approved outside the regular budget cycle. He asked if it would be appropriate and not overly intrusive to add a phrase to this policy that the Board would receive reports of any appointments made that are not included in the annual budget. This would not be approval but it would represent a report which brings such occurrences to the attention of the Board. This puts some light on the situation without overly encumbering the new President's ability to make these hires. Dr. Thornton indicated this would allow the Board an opportunity to question and support or discuss. At least the Board would be aware of the appointment and all could voice their views at the appropriate time.

Murray State University Board of Regents Delegation of Authority amendment, adopted

Mr. Williams moved that the Board of Regents adopt an amendment to the *Murray State University Board of Regents Delegation of Authority* document to include wording which indicates the Board will receive reports of appointments made at the Vice President and Dean levels, including appointments to positions between those levels, which are made outside of the regular budget cycle. Chair Curris indicated there is a motion on the floor to adopt the

amendment and requested a second. Dr. Thornton seconded. There being no objection to voting on the amendment and no further discussion, the motion to adopt the amendment carried unanimously.

Chair Curris indicated the Board would now consider the motion as amended. He has already received a motion and a second. There being no further discussion the motion carried unanimously.

(See Attachment #2)

Military Leave Policy Revision, approved

Ms. Dudley reported that the University's current *Military Leave Policy* allows for paid leave for a period up to ten (10) days for employees who are active members of the military (when called into duty). In February 2014 the administration received a recommendation from the Insurance and Benefits Committee to increase the paid leave allowance from ten days to 21 working days. The change was recommended so the University would be following state statute – KRS 61.394. This recommendation was reviewed and what is being proposed is 21 working days be adopted, as well as a carryover provision so any unused military leave can be carried over to the next year. Any unused military leave will expire two years after it has accrued which is also consistent with state statute.

In response to a question regarding how this situation is handled for employees serving in the military who receive, for example, a one-year assignment, Ms. Dudley reported current policy allows those individuals to receive paid leave for ten days under the *Military Leave Policy*. They would use available vacation time and Murray State would essentially hold their job. In response to a question regarding why the University is adopting the carryover provision for two years, Ms. Dudley reported this language is consistent with state statute and if an individual accumulates 21 days paid leave in the first year but is not called into duty he or she would still have access to those 21 days for the second year. If the leave is not used within two years the individual would have "rolling" access to 42 days total. Confirmation was provided that even though the proposed policy indicates 21 calendar days, the *State Employee Handbook* has interpreted this to mean 21 working days. The state statute refers to 21 calendar days which is being recommended for adoption.

Chair Curris indicated under the proposed policy reference is made to the federal fiscal year and questioned why the University is adopting the federal fiscal year for this calculation as opposed to the regular Kentucky fiscal year for every other calculation. Mr. Rall provided clarification that this is the way the state statute reads. Chair Curris asked whether the University is bound by state statute and Mr. Rall indicated it would be difficult to argue that the institution is not because the statute specifically references state agencies and for various purposes the University is considered to be a state agency. Chair Curris indicated the bottom line is the University wants to provide veterans with these benefits but the question is why would the University want to have a second system to register from October 1 to September 30 when everyone else is on a July 1 to June 30 calendar but the University will proceed in this fashion if required.

Also added to the policy is that the military orders would be required to receive pay and this stipulation was not part of the original policy. Dr. Fister requested that a timeframe for submitting the military orders be added to the policy. Ms. Dudley provided assurance that the policy addresses this issue because the employee would not receive military pay until military orders are presented.

Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, approve the proposed changes to the *Military Leave Policy* as attached. Dr. Thornton seconded and there being no further discussion the roll was called with the following voting: Mrs. Buchanon, yes; Dr. Fister, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Johnson, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Waterfield, yes; Mr. Williams, yes; and Dr. Curris, yes. The motion carried unanimously.

(See Attachment #3)

Personnel Changes, approved

Salary Roster

Dr. Fister expressed appreciation to Ms. Dudley for explaining any salary changes. Faculty and staff have not had raises and do not necessarily receive increments in the middle of the year and she wanted to ensure every increase that did occur was above board.

Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, approve the Salary Roster as of December 31, 2013, which includes new employment, retirements, resignations and terminations. Mr. Williams seconded and there being no further discussion the roll was called with the following voting: Mrs. Buchanon, yes; Dr. Fister, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Johnson, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Waterfield, yes; Mr. Williams, yes; and Dr. Curris, yes. The motion carried unanimously.

(See Attachment #4)

Faculty Sabbatical Leaves

Mrs. Sewell moved that the Board of Regents, upon the recommendation of the President of the University, approve the requests for Faculty Sabbatical Leaves for the individuals and periods indicated below:

<u>NAME / DEPARTMENT</u>	<u>EFFECTIVE</u>	<u>SALARY</u>
JEANNE BEAVER , Art and Design ➤ Design and complete construction of 10-12 jewelry pieces primarily consisting of sculptural jewelry.	1/1/15-5/15/15	full salary / 1 semester
JAMES BRYANT , Art and Design ➤ Research and experiment with video, audio and images for use on the web. Work in responsive typography into the field of Chinese typography on the web.	8/15/14-12/31/14	full salary / 1 semester
TIMOTHY JOHNS , English and Philosophy ➤ Finish revising unfinished book chapters.	8/15/14-12/31/14	full salary / 1 semester
MICA GARRETT , Modern Languages ➤ Research and develop materials for publications.	1/1/15-5/15/15	full salary / 1 semester
RANDALL BLACK , Music ➤ Research and record hymns and edit and release a Christmas music CD.	1/1/15-5/15/15	full salary / 1 semester
LISSA GRAHAM , Theatre ➤ Has been invited by Christopher Newport University in Virginia to teach courses and direct theatrical acts.	1/1/15-5/15/15	full salary / 1 semester
KEVIN REVELL , Chemistry ➤ Work full-time with Sapling Learning, leading provider of online homework across STEM and business disciplines. Develop set of videos for use in chemistry instruction, making these available to MSU and service region high school chemistry teachers.	8/15/14-5/15/15	half salary / 2 semesters
RENEE FISTER , Mathematics and Statistics ➤ Continue research in the mathematical modeling of epidemiology. Also pursue professional development opportunities in higher education leadership.	1/1/15-5/15/15	full salary / 1 semester
DAVID ROACH , Mathematics and Statistics ➤ Research in Approximation Theory with the results finalized for a manuscript, which would also be presented at conferences.	8/15/14-12/31/14	full salary / 1 semester

Mrs. Guess seconded and there being no further discussion the roll was called with the following voting: Mrs. Buchanon, yes; Dr. Fister, abstain; Ms. Green, yes; Mrs. Guess, yes; Mr. Johnson, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Waterfield, yes; Mr. Williams, yes; and Dr. Curris, yes. The motion carried.

Staff Leaves of Absence Without Pay

Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the Staff Leaves of Absence Without Pay that have been processed as of February 14, 2014, as listed below:

<u>Name</u>	<u>Department</u>	<u>Effective Date</u>
Clara Bass	Community Leadership and Human Services	1/9/14-7/10/14
Melanie Brooks	Office of Development	12/4/13-12/11/13
Ray Chapman	Dining Services	11/14/13-3/12/14
Sharon Crouch	Industrial and Engineering Technology	10/16/13-11/1/13
Thomas Crump	Facilities Management	12/9/13-12/18/13
John Finley	Facilities Management	11/22/13-12/31/13
		1/1/14-6/11/14
Clark Hendrix	Watershed Studies Institute	12/14/13-2/12/14
Joseph Lawrence	Public Safety & Emergency Mgmt	10/15/13-10/26/13
Crystal Palmisano-Dillard	Center for Continuing Education	2/21/14-2/28/14
Haley Stedelin	Human Resources	2/21/14-3/26/14
Rhonda Vandiver	Center for Continuing Education	12/10/13-12/13/13
Timothy Washum	Facilities Management	11/18/13-1/31/14
Mary Wells	Facilities Management	9/18/13-9/22/13

Mrs. Guess seconded and there being no further discussion the motion carried unanimously.

Quarterly Board of Regents Meeting Date, scheduled

Chair Curris previously asked the Board to hold two possible dates for the next Quarterly Board of Regents Meeting – Friday, May 30, 2014, and Friday, June 6, 2014. Confirmation was provided that the next Quarterly Board of Regents Meeting is scheduled for Friday, June 6. Chair Curris indicated Regents traveling to Murray should arrive by late afternoon on June 5.

In response to a question regarding whether a Special Meeting would be required to approve tuition rates, Chair Curris indicated tuition is a critical component in the budget preparation process but it is currently unknown when the Legislature will act. If possible, a Special Meeting will be avoided. The President earlier indicated he is inclined at this point to recommend the maximum tuition increase authorized by the CPE. All were asked to remain flexible in terms of whether a Special Meeting would be necessary for this purpose. If the President advances the same recommendation a determination will need to be made as to whether there is any desire on the part of the Board to meet to address the issue or whether it can be handled at the June 6 meeting. Dr. Miller indicated as soon as this information is available he will forward it to the Board, along with his recommendation. The Board can then decide whether a Special Meeting is necessary.

Committee Reports/Recommendations

Academic Affairs – Dr. Thornton

Academic Affairs Reorganization, approved

On behalf of the Academic Affairs Committee, Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, approve the proposed Academic Affairs reorganization and distribution of departments within the College of Health Sciences and Human Services, effective July 1, 2014. Mr. Williams seconded and there being no further discussion the motion carried unanimously.

(See Attachment #5)

New Undergraduate Degree Program: Bachelor of Science in Health Information Administration, approved

On behalf of the Academic Affairs Committee, Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, approve the proposal from the University Academic Council for a new undergraduate degree program: Bachelor of Science in

Health Information Administration. Mr. Johnson seconded and there being no further discussion the roll was called with the following voting: Mrs. Buchanon, yes; Dr. Fister, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Johnson, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Waterfield, yes; Mr. Williams, yes; and Dr. Curris, yes. The motion carried unanimously.

(See Attachment #6)

New Graduate Degree Program: Master of Science in Sustainability Science, approved

On behalf of the Academic Affairs Committee, Dr. Thornton moved that the Board of Regents, upon the recommendation of the President of the University, approve the proposal from the University Academic Council for a new graduate degree program: Master of Science in Sustainability Science. Mr. Williams seconded and there being no further discussion the roll was called with the following voting: Mrs. Buchanon, yes; Dr. Fister, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Johnson, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Waterfield, yes; Mr. Williams, yes; and Dr. Curris, yes. The motion carried unanimously.

(See Attachment #7)

College of Education – NCTQ Rankings Update, received

The National Council on Teacher Quality (NCTQ) rankings update was provided by Dean of the College of Education Dave Whaley. This represented a thorough report presented for informational purposes only and required no action.

Chair Curris excused himself from the meeting and asked Vice Chair Marilyn Buchanon to serve as Chair during his absence.

Audit and Compliance Committee – Mr. Waterfield

Audit Engagement Letter, approved

Mr. Waterfield reported that the Audit and Compliance Committee approved the issuance of a contract to RubinBrown for the performance of the University financial and compliance audits for the fiscal year ending June 30, 2014, and further authorized the University to enter into two subsequent contract renewals based upon mutual consent. The cost for the current year contract, which is the first year of a three-year contract, is \$120,300 including the financial and compliance audits and up to two single program audits. The University would be charged \$6,500 for each additional single program audit above two.

On behalf of the Audit and Compliance Committee, Mr. Waterfield moved that the Board of Regents, upon the recommendation of the President of the University, approve the attached Engagement Letter for the June 30, 2014, audit by RubinBrown. Mr. Williams seconded and there being no further discussion the roll was called with the following voting: Mrs. Buchanon, yes; Dr. Fister, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Johnson, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Waterfield, yes; and Mr. Williams, yes. The motion carried.

(See Attachment #8)

Buildings and Grounds Committee – Mrs. Buchanon

Savage Cave Transfer of Property, approved

Mrs. Buchanon reported that Savage Cave has represented a liability for the University because it is located over 100 miles from Murray, Kentucky, and there are no personnel on site to oversee the property. The daughters of the original owner also support the transfer of ownership of the cave from Murray State University to the Logan County Fiscal Court.

On behalf of the Buildings and Grounds Committee, Mr. Schooley moved that the Board of Regents, upon the recommendation of the President of the University, approve the transfer of ownership of Genevieve Savage Cave to the Logan County Fiscal Court. Mr. Waterfield seconded and there being no further discussion the roll was called with the following voting:

Mrs. Buchanon, yes; Dr. Fister, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Johnson, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Waterfield, yes; and Mr. Williams, yes. The motion carried.

(See Attachment #9)

Tennessee Valley Authority (TVA) 5 MR Agreement Update, accepted

Mrs. Buchanon reported that the Board received a thorough update from Mr. Oatman on the TVA 5 MR Agreement. The Board also received a thorough report from Internal Auditor Michelle Saxon on the same topic. Although this report required no action, Mr. Schooley moved that the Board of Regents accept the Tennessee Valley Authority 5 MR Agreement update report. Mr. Williams seconded and there being no further discussion the motion carried.

(See Attachment #10)

Enrollment Management and Student Success Committee – Ms. Green

Spring 2014 Enrollment Report, received

Ms. Green reported the Enrollment Management and Student Success Committee received a report from Mr. Dietz indicating total enrollment for Spring 2014 is 9,789 students which is down 1 percent from Spring 2013. The number of first-time freshmen increased by 15 students, the number of first-time transfer students decreased by 47 and first-time graduate student enrollment decreased by 42 students. Undergraduate enrollment increased by 21 students and graduate enrollment decreased by 122 students. The Spring 2014 Enrollment Report was presented for informational purposes only and required no action.

Finance Committee – Mr. Williams

Property Acquisition – 603 North 16th Street, authorized

On behalf of the Finance Committee, Mr. Williams moved that the Board of Regents, upon the recommendation of the President of the University, authorize the University to purchase the property located at 603 North 16th Street in Murray, Kentucky. Mrs. Sewell seconded and there being no further discussion the roll was called with the following voting: Mrs. Buchanon, yes; Dr. Fister, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Johnson, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Waterfield, yes; and Mr. Williams, yes. The motion carried.

Future Tuition Rate Analysis Report, received

Mr. Williams reported that the University will contract with a firm to provide a future tuition rate analysis relative to Murray State's relatively complex and confusing system of offering over 20 different pricing options for students. The current system is difficult to understand and administer and it is hoped this process will be streamlined considerably for the 2015-16 academic year. The future tuition rate analysis report was presented for informational purposes only and required no action. The Board will continue to receive additional information as the study is undertaken.

Preliminary 2014-15 Budget Status Report, received

Mr. Williams reported that Dr. Miller provided an overview of what has obviously been a huge amount of work undertaken already in preparation for this budget cycle. The circumstance is that even with the budget reductions and revenue generating recommendations of approximately \$2.5 million the University still has a remaining deficit of approximately \$3.2 million (prior to any rate increase considerations). The University will receive the CPE tuition ceiling report hopefully in time for the budget to be completed and presented for approval at the Quarterly Meeting. The work Dr. Miller and his administration and staff has undertaken provided a good picture of where the institution stands at this point, as well as an idea of the incline the University is facing.

Dr. Fister expressed appreciation to Dr. Miller and all who developed this report because it allows for transparency – although it does not make anyone happy. Mr. Williams indicated he certainly concurs with that statement and this is the most transparent and complete overview of the University's circumstances that has been presented since he has served on the Board. It also indicates an accountant is serving as President. The report presented is detailed and contains all information the Board would want and need to make good policy decisions moving forward.

The preliminary 2014-15 budget status report was presented for informational purposes only and required no action.

Institutional Advancement Committee – Mrs. Guess

Stamats Marketing Assessment Report, received

Mrs. Guess reported the Institutional Advancement Committee received a report from Mr. Carter which provided an opportunity for the Board to hear the marketing assessment for the University as well as suggested action items as a result of Stamats' findings. Accomplishments for University Communications were outlined and all are looking forward to those actions moving forward in a positive manner. The Stamats Marketing Assessment Report was presented for informational purposes only and required no action.

Regional Services Committee – Mrs. Sewell

MSU Regional Campuses Update, received

Mrs. Sewell reported that Brian Van Horn, Dean of Continuing Education and Academic Outreach, presented an excellent report and spoke eloquently about the accomplishments, enrollment, programs and activities on the regional campuses in Paducah, Henderson, Hopkinsville and Madisonville. Photographs highlighting the opening of the *Crisp Center* were provided and all are looking forward to advancing that campus. The regional campuses update was provided for informational purposes and required no action.

MSU Transfer Center Update Report, received

Mrs. Sewell reported that a Transfer Center Update Report was presented by Dr. Van Horn and Maria Rosa, Transfer Center Director. This information included not only future plans to increase transfer enrollment but also challenges facing the University in this arena. It is anticipated the Board will be asked to consider offering additional scholarships in the future for this population in order to be competitive with what other area universities are already offering. The Transfer Center Update Report was provided for informational purposes and required no action.

Other Business

Chair Curris rejoined the Quarterly Board of Regents Meeting and reported the Board would take a ten-minute break because it is waiting for a special guest to arrive. The Board will then reconvene and complete its business. Given the fact that a new President will be coming on board this summer the Board needs to be considering when it will meet for the Retreat and regular Quarterly Meetings. Secretary Hunt will connect with Board members regarding possible meeting dates. The Board will want to spend a good deal of time with the new President during the Retreat. All were reminded that a Special Meeting may be necessary to discuss tuition, although all hope to be able to avoid the necessity for such a meeting. Also, Kentucky Statute requires that when new Regents are appointed the Board must meet, purportedly within 30 days of notification of those appointments and elections. There could be a Special Meeting at some point for this purpose but if the Board can combine the Swearing-in of new Regents with the scheduled two-day meeting that would be optimal.

The Board adjourned for a break beginning at 11:44 a.m.

Appointment of 12th President, Murray State University, approved

The Quarterly Board of Regents Meeting reconvened at 11:52 a.m. Chair Curris reported the Board has before it two items of business to address prior to adjournment.

Special Recognition – Thomas I. Miller, approved

Chair Curris reported the Board wishes to give special recognition to President Thomas I. Miller for the excellent work he has done for the Board and this University over the past year. Mr. Williams reported that an appropriately worded, framed Resolution would be presented to Dr. Miller at a later date and stated the following:

“As we all know and appreciated, Dr. Tim Miller has dedicated his entire distinguished career to Murray State University. He continues to be an outstanding role model to the entire MSU community and well beyond for his knowledge, wisdom, commitment, integrity, work ethic, inspiration, dedication to excellence, steady and focused leadership and for his deep passion for this University.

Dr. Miller’s contributions as a faculty member and leader, Foundation leader, and twice as our Interim President have made him a unique, unprecedented and extraordinary contributor to the success of Murray State University. We accept with deep regret and much appreciation Dr. Miller’s decision to retire on June 30, or thereabout, dependent upon the beginning date for our 13th President per action of this Board later in this meeting.

In recognition of his outstanding career and extraordinary contributions to Murray State University, and on behalf of the Board of Regents, I make the motion that Dr. Tim Miller be officially designated as the 12th President of Murray State University.

While his tenure as official “President” may be short, his legacy of contributions and leadership will be endless. And we all look forward to seeing his official portrait placed prominently with his predecessors as Presidents of Murray State University.”

Dr. Fister seconded and there being no further discussion the roll was called with the following voting: Mrs. Buchanon, yes; Dr. Fister, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Johnson, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Waterfield, yes; Mr. Williams, yes; and Dr. Curris, yes. The motion carried unanimously.

Dr. Miller thanked the Board for this honor and indicated he cannot express how much this means to him and how much he appreciates the honor. Chair Curris stated for the record that Tim Miller is the first alumnus of Murray State University to serve as President.

Appointment of the 13th President, Murray State University, approved

Chair Curris indicated the Board has named the 12th President of Murray State University and now needs to name the 13th President of Murray State University. Chair Curris stated he would entertain a motion that Dr. Robert O. “Bob” Davies be named the 13th President of Murray State University at an annual salary of \$300,000, effective July 14, 2014. Mr. Williams so moved. Mr. Waterfield seconded and there being no further discussion the roll was called with the following voting: Mrs. Buchanon, yes; Dr. Fister, yes; Ms. Green, yes; Mrs. Guess, yes; Mr. Johnson, yes; Mr. Schooley, yes; Mrs. Sewell, yes; Dr. Thornton, yes; Mr. Waterfield, yes; Mr. Williams, yes; and Dr. Curris, yes. The motion carried unanimously.

Chair Curris apologized for excusing himself from the meeting but indicated he needed to get in touch with Dr. Davies to ensure he would accept the appointment which is contingent upon the execution of a contract. Dr. Davies has agreed on the basic tenants of that contract so no difficulty is anticipated. He was in the Denver Airport and his flight had been delayed so he was rushing to a connecting flight to head home. He is reluctant to speak on his behalf, but Dr. Davies accepted the offer with great joy and enthusiasm and is truly pleased that this invitation was extended to him and looks forward to being a part of the Murray State family.

Other Business

Mr. Williams expressed appreciation to Jill Hunt, Tom Hoffacker and John Rall for the tremendous amount of work they have done over and above during the entire recruitment process. They were great assets to the Presidential Search Committee and, more recently, to the full Board during this process. Appreciation was also expressed to the members of the Presidential Search Committee for their work, full engagement and participation. Appreciation was expressed to the Board for full engagement in the process, professionalism and collegiality. It can be said there has only been one goal and all have been committed to that goal – doing what is best for Murray State University. This marks an important day and the entire Board must be supportive of moving forward in the fashion outlined. All are excited about the future. Chair Curris expressed appreciation to Mr. Williams for so effectively serving as Chair of the Presidential Search Committee.

Adjournment

There being no further business to come before the Board, Chair Curris requested a motion to adjourn. Mrs. Sewell so moved, seconded by Dr. Thornton, and there being no further discussion the motion carried unanimously. The Quarterly Board of Regents Meeting and Committee Meetings adjourned at 12 noon.



Chair



Secretary

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